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NEWS SUMMARY

GENERAL

Fraser set for 15 to 20 majority

With counting still going on under the Australian general election single transferable vote system, Premier Malcolm Fraser's Liberal-Country party coalition government looks like being returned with a majority of between 15 and 20 in the 125-seat House of Representatives.

Most pre-election polls had predicted that Mr. Fraser would be defeated or achieve a slim majority. The business community, and particularly foreign investors, welcomed the Liberal victory.

The Labor opposition, which mounted an aggressive campaign under leader Mr. Bill Hayden, achieved a 6.1 per cent swing, but mainly at the expense of minority groups. **Back Page**

Peace hopes fade

Iraq appears to have given up hope of an early ceasefire in the war with Iran, and has begun to prepare the population for a long conflict, writes **Roger Matthews. Back Page**

Newspaper move

Lonrho, the international trading conglomerate, may start a London evening newspaper following the announced closure of the Evening News. **Page 4**

Boat overturns

A man died when a cabin cruiser overturned off the North Wales coast near Llandudno, Gwynedd. A search has been launched for three other people who may have been aboard.

Zimbabwe curbs

Zimbabwe is re-imposing temporary employment permits—first used by the former white Rhodesian authorities —for foreign journalists.

Police complaints

The Police Complaints Board has proved to be "a wholly ineffective instrument for dealing with serious complaints," says Justice, the British section of the International Commission of Jurists. **Page 4**

Philippines bomb

Philippines President Ferdinand Marcos escaped injury after a bomb exploded near him at a Manila convention centre. Seven people were hurt.

Youths escape

Three youths held in police custody because of the prison officers' dispute escaped from Pontypridd police station.

Forces accord

Greece and Turkey have accepted a compromise to bring Greek forces back into NATO after six years, say Western diplomats in Ankara. **Page 2**

Square deal bid

Workers at the Smith food group factory in Lincoln want an extra £5 a week to operate new machinery for making square crisps.

Briefly ...

Australia's biggest diamond, the 95.4 carat Golconda d'Or, worth at least £242,000, was stolen from a Sydney Town Hall exhibition.

The body of a teenaged boy kidnapped six months ago was found buried near Foggia, Italy. Three people have been charged with the crime.

A three-man gang, all wearing stocking masks, robbed a publican of £2,500 takings in Derby.

Twenty-five were killed when a truck crashed into a crowd near the Indian city of Benares.

BUSINESS

Rise in jobless total likely

FURTHER rise in the underlying total of adult unemployment over the last month is likely to be confirmed by Government figures tomorrow.

But, the change in the overall figure, currently 2.04m, is expected to be smaller because of a fall in jobless school leavers and the usual seasonal decline. **Back Page**

● **TUC PLANS** for strengthening its authority at the expense of individual trade unions are criticised by one of its affiliates, the Engineers and Managers Association. **Back Page**

● **EEC CENTRAL** banks need to co-ordinate intervention policies more effectively if the cohesion of the European Monetary System is to be maintained, recommends the Commission's annual economic review. **Page 2**

● **LOMBARD NORTH** Central, Mercantile Credit, Forward Trust, UDT and several other financial institutions are to be asked to resign from the British Bankers Association. **Page 5**

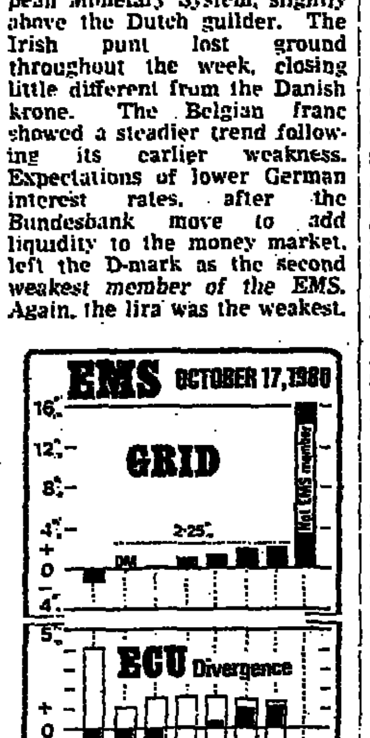
● **CO-OPERATIVE BANK** has urged the Government to introduce a loan guarantee scheme for small business bank loans. **Page 5**

● **JETSAVE**, transatlantic holiday organiser, has signed a £30m deal with British Airways to make return flights across the North Atlantic with 250,000 passengers. **Page 4**

● **RENAULT**, of France, is to attack the UK diesel car market, which is currently dominated by Peugeot and Volkswagen. **Page 4**

● **WEST GERMANY'S** first factory for enriching uranium, a DM 1bn (£229.35m) project for Gronau, near the Dutch border, is likely to be approved in the New Year. **Page 2**

● **FRENCH INTEREST** rates fell last week, with call money finishing at 11 per cent, the lowest for two months. The French franc still ended as the strongest member of the European Monetary System, slightly above the Dutch guilder. The Irish punt lost ground throughout the week, closing little different from the Danish krone. The Belgian franc showed a steadier trend following its earlier weakness. Expectations of lower German interest rates, after the Bundesbank move to add liquidity to the money market, left the D-mark as the second weakest member of the EMS. Again, the lira was the weakest.



The charts show the two constraints on European Monetary System exchange rates. The upper grid, based on the weakest currency in the system (bound by the 2¼ per cent limit) defines the cross rates from which no currency (except the lira) may move more than 2¼ per cent. The lower chart gives each currency's divergence from its "central rate" against the European Currency Unit (ECU), itself a basket of European currencies.

BNOC considers moving into petrochemicals

BY SUE CAMERON & RAY DAFTER

BRITISH NATIONAL Oil Corporation is considering moving into the petrochemicals business, using its majority share of North Sea gas liquids as a raw material.

The State oil corporation is looking at ways of becoming involved with the £1.1bn gas-gathering network being planned for the North Sea.

It is interested in some of the associated chemical manufacturing schemes proposed and expects to handle some two-thirds of the heavy gases, all potential raw materials for making petrochemicals, to be carried through the new pipeline.

BNOC will handle the gases because of its own equity interests in offshore fields, its access to the Government's royalty share of output and the control over gas liquids that it exercises under State participation deals.

The corporation is understood to be considering a number of options. These include:

● Setting up a new gas liquids trading organisation.

● Taking a stake in an ethylene plant that would use heavy gases as feedstock. Ethylene is the so-called building block of the petrochemicals industry.

Mr. Philip Shelbourne, BNOC chairman and chief executive, said: "We have a powerful position with these liquids and we shall use that position to produce the best commercial answer compatible with our interests and the national interests."

It is known in the chemical industry that a number of chemical companies have had preliminary discussions with corporation officials.

One is Highland Hydrocarbons, a UK group anxious to see development of a petrochemicals complex at Nigg Bay,

BNOC the State sector's brightest jewel. Page 13

on Cromarty Firth. Highland Hydrocarbons is reported to have had "friendly" talks with BNOC.

At present a number of large chemical companies are fighting fiercely for the right to use gas liquids from the new pipeline as petrochemical raw materials.

The contenders include the U.S. Dow, which wants to build an ethylene plant at the Nigg site; Shell Chemicals; Esso Chemical; BP Chemicals; and ICI, which all want the gases to go south for use in their own plants, and the U.S. Occidental, which wants to build an ethylene plant at Peterhead on the Scottish east coast.

Highland Hydrocarbons, which has the financial backing of the Midland Bank group, has proposed an £800m chemicals complex at Nigg with the etheylene plants run on a "common user" basis.

Highland has said that it has found two potential customers for ethylene from Nigg, both West German companies.

It is now thought that one of these companies may be Hoechst, the biggest chemical company in the world.

The German chemicals giant could be looking at the possibility of taking an equity stake in an ethylene plant at Nigg.

It may also think of investing in one, or even two, pastics plants on the site. The plants would use ethylene as their raw material.

There are hopes that gases from the Norwegian sector of the Statfjord Field will be landed in the UK by the planned new pipeline. It is thought some Norwegian companies may have expressed interest in Highland Hydrocarbons' scheme at Nigg.

British Gas has already bid for the large amounts of methane gas from the Norwegian sector of Statfjord, the biggest oil and gas reservoir in the North Sea.

The corporation is prepared to pay a record price for these supplies, which would come to Scotland with the gas from the much smaller UK sector of the field.

The methane would then be fed into the Gas Corporation's distribution system, while the associated gas liquids would almost certainly be bought by the chemical industry.

British Gas realises that it faces stiff competition from Norwegian and German energy interests which also want the Statfjord gas.

Brazil's visible trade deficit likely to be $3bn

BY NICHOLAS COLCHESTER

BRAZIL'S VISIBLE trade deficit for 1980 will be close to $3bn, according to central bank and finance ministry officials who started the year saying the trade account would balance. Persistent growth in the Brazilian economy is further undermining the Government's hopes.

The trade deficit increases to about $19bn, the amount the Government will have to take from reserves or find abroad this year. This is composed of $7bn to replace maturing debt and nearly $12bn to cover the expected current account deficit. These figures make it improbable that Brazil can hold its increase in external borrowing to the promised figure of $5bn.

Sr. Delfim Netto, the Brazilian Planning Minister, says the country's financial position has now become "very, very difficult."

Senior officials at the finance ministry and central bank confirm that the syndicated loan market has virtually closed to Brazil since the start of the Iraq/Iran war.

Foreign loans to Brazilian banks are still flowing but the spread over interbank rate which must be paid on them is now up to 2 per cent. Brazil has little financial leeway because it has already spent more than $3bn out of reserves this year, bringing them down to around $6.5bn, of which some $3bn to $4bn is in foreign currency. Sr. Delfim calls this the bottom limit.

Underlining the importance of a continuing flow of finance, Sr. Delfim is visiting major financial capitals of the world during next two weeks, involving himself directly in the raising of loans.

He will visit New York, London, and Paris but is laying greatest emphasis on Tokyo where, according to a ministry spokesman, he will discuss the provision of finance for various Brazilian projects amounting to more than $1bn.

In a marked change of attitude, Sr. Delfim no longer rules out the IMF as part of the solution to Brazil's financial problems, provided the IMF succeeds in boosting its resources and comes up with acceptable terms and conditions.

He feels Brazil should have little difficulty persuading the IMF that its current monetary fiscal and exchange rate strategies are in order. But he is worried that there could be argument over the government's interest rate policy, and particularly concerned that the IMF will insist that wage indexation is stopped.

After last year's industrial action by metal workers, Sr. Delfim says: "It is completely impossible to seek a quick cure for inflation by de-indexing wages."

The Brazilian economy continues to forge ahead at a pace that worries the government because it exceeds the rate required to maintain employment and is inconsistent with the efforts being made to control inflation and the balance of payments deficit.

Despite a tightening of monetary and fiscal policy, Brazil's real growth will probably be close to 8 per cent in 1980, compared with 6.4 per cent in 1979, according to deputy Finance Minister, Sr. Eduardo Carvalho.

Inflation is still over 100 per cent at the wholesale level. Sr. Delfim says the best he can hope for is a very gradual reduction in this rate from now on. He admits that wage indexation is the reason why the cure cannot work faster.

Lloyd's computer-leasing loss now estimated at $420m

BY JOHN MOORE

FIRST NATIONAL Bank of Boston is revising its estimates of the total losses that Lloyd's of London could face on computer-leasing insurance policies. Unofficial estimates in the London insurance market have suggested that the losses could rise by a further $80m to $420m (about £175m).

First National is expected to revise its own estimate upwards, after a deterioration in computer-leasing claims experience and the likelihood of a heavy series of claims in 1981. The bank is preparing its estimates up to September 30 in its "Lloyd's project" office in the U.S.

Last year the bank estimated on behalf of Lloyd's that losses would be $340m, the largest series of losses that Lloyd's has faced in its 300-year old history. This estimate was based on the situation on September 30, 1979.

The bank's estimate was a 45 per cent increase on an earlier estimate of $234m prepared by the loss-adjusters Toplis and Harding.

Computer-leasing insurance losses arise from the policies which leasing companies arranged to protect themselves against early termination of leases by their customers before the contract date.

If the customers did terminate leases early, the computer-leasing companies could claim on their insurances and cover their obligations to their financial backers.

What went wrong for Lloyd's was that IBM introduced new series of models, more powerful and cheaper.

Leasing companies found that their customers traded in their existing models earlier than the contract date.

So leasing companies claimed on their insurances, which would cover the difference between the monthly rental agreements and the lower payments received when the computer had been re-hired.

The insurance would help the computer-leasing companies meet their obligations to their financial backers. Over 14,000 claims have been made on Lloyd's.

Since First National's last estimate IBM technology has advanced even further and there is more likelihood than ever before of computer-leasing customers exercising break clauses in their leasing agreement.

For about half the insured leasing agreements the earliest that the break clauses can be exercised is next year, so First National will take this into account in its next revision, expected to be complete by mid-November.

Lloyd's largest insured leasing company, Itel Corporation of the U.S., reported a steadily deteriorating financial position last week. The group's accountants said that the problems were "of extraordinary magnitude and involve significant uncertainty about Itel's ability to survive as a going concern."

In 1979 the group lost $443.3m on revenues of only $223.8m and had a negative net worth of $207m.

Itel has warned Lloyd's that unless a settlement is reached on its $200m of claims between the underwriters and the company, "extensive litigation involving Itel, Lloyd's and other parties may follow."

Hopes dim for early release of hostages

By David Buchan in Washington

THE PROSPECT of the American hostages returning from Iran before the U.S. Presidential election has all but totally vanished, though yesterday the Carter Administration put the best face on new demands by the Iranian Prime Minister and said it hoped Iran's Parliament would soon decide the hostages' fate.

Mr. Edmund Muskie, the Secretary of State, said that he chose to regard as a measure of Iranian concern, but not a preconditions for the release of the hostages, the call by Mr. Mohammed Ali Rajai, the Premier, at the weekend for the U.S. to pull its radar aircraft out of Saudi Arabia, and to get Jordan to drop its backing for Iraq in the Gulf war.

Mr. Rajai had been in New York to address the Security Council last Friday on his country's conflict with Iraq, during which he alleged that the U.S. was behind the Iraqi attack.

A day later he gave a strongly anti-American Press conference on the hostage issue, in which he appeared to set still further conditions for the hostages' release.

This effectively dashed earlier U.S. hopes that Mr. Rajai might meet President Carter or senior Administration officials to begin some kind of negotiation. In his television interview yesterday Mr. Muskie said the U.S. was not "in contact or any negotiation with Iran."

Acute speculation has centred on the possibility that Mr. Carter might spring "an October surprise" in his tight race with Mr. Ronald Reagan, the Republican challenger, by arranging a return of the hostages before the November 4 polling day.

Anxiety in the Republican camp about the electoral impact of this was voiced yesterday by former President Gerald Ford, who warned Mr. Carter not to take "a big gamble that would be against the long-term interests of the U.S."

Mr. Muskie stressed that the Administration would not trade the hostages for any concessions that "are inconsistent with our national interests or honour."

Specifically he said that the AWACS radar aircraft had been sent to Saudi Arabia because it was in the U.S. national interest to help an important ally better defend itself, and he strongly suggested that their withdrawal was not negotiable with Iran.

But he was conciliatory in trying to avoid a public

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Left discord encourages Healey camp

BY RICHARD EVANS, LOBBY EDITOR

SUPPORTERS OF Mr. Denis Healey for the leadership of the Parliamentary Labour Party were increasingly optimistic last night following evidence of growing disarray on the Left over the possible candidacy of Mr. Michael Foot.

Mr. Foot, Labour's deputy leader, will announce today whether he intends to stand against Mr. Healey, Mr. Peter Shore and Mr. John Silkin, the candidates who have already declared themselves in the contest to succeed Mr. Callaghan.

Mr. Foot, who parried questions on his itentions when interviewed in Dublin yesterday, has received many more representations from Labour MPs and trade union leaders than he expected. His supporters are now convinced he will agree to stand as the best bet of the Left to stop Mr. Healey.

Because of the desire of many centrist MPs—who will ultimately decide the outcome—to elect a permanent rather than a caretaker leader and one who could lead the party well past the next election, Mr. Healey's campaign managers believe Mr. Foot could prove a less dangerous opponent in a straight fight than Mr. Shore.

Mr. Foot's supporters at Westminster claim that unless he stands, a contest between Mr. Healey and Mr. Shore — assuming Mr. Silkin dropped out after the first round — would give Mr. Healey an easy victory, by more than 40 votes. They therefore see the intervention of Mr. Foot as the only hope for the Left.

More pessimistic Left-wingers believe there is a real prospect that Mr. Healey could defeat both Mr. Shore and Mr. Silkin in the first ballot while the energies of the Left are diverted by forlorn attempts to postpone the election until a new electoral college can be devised next year.

This is not accepted by Mr. Shore's supporters, who are increasingly alarmed at the prospect of Mr. Foot's intervention, which would undoubtedly scupper the Shadow Foreign Secretary's chances.

They believe that the attraction of Mr. Shore as a unifying figure, his background as an anti-Marketeer, his blend of Centrist-Right economic and defence policies, and his lack of enemies in the trade unions and local Labour parties make him an ultimately more formidable figure.

So, as the Healey campaigners continued to play a waiting game over the week-end, the tactical difficulties faced by the Left in stopping the former Chancellor became increasingly apparent.

Senior members of the Tribune Group were angry at

Continued on Back Page

Inflation indexed bonds permitted by Bank

BY SAMUEL BRITTAN

BONDS indexed against inflation are now acceptable to the Bank of England and Treasury as a possible option for corporate borrowers.

The last major proposals for indexed corporate borrowing were turned down by the Bank in the middle 1970s. But the position today is that proposals will be considered "on their merits" and there will no longer be any automatic veto.

A sharp distinction is made between indexed corporate bonds and indexed gilt-edged securities. Proposals for the latter were turned down by Sir Geoffrey Howe, the Chancellor, earlier this year, after strong opposition from the Bank of England.

The Wilson Committee on the functioning of financial institutions was evenly split on index d gilts, but came down unanimously on the side of removing all obstacles to indexed borrowing by the corporate sector.

The committee examined in detail the effects of inflation on the demand for finance. It found the real cost of capital had fallen to about 4½ per cent in 1979.

Nevertheless, long-term fixed interest borrowing was still a burden to companies, partly because of uncertainties about the future trend of inflation and partly because of the awkward debt service profile provided by a bond with a high nominal yield.

With the new attitude now prevailing the biggest obstacle to corporate experiments with inflation-proofed securities is on the fiscal side.

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OVERSEAS NEWS

Warsaw talks will reflect fears of Poles' neighbours

BY CHRISTOPHER BOBINSKI IN WARSAW

FOREIGN Ministers from Poland's Warsaw Pact allies met in the Polish capital yesterday for a two-day meeting to co-ordinate Eastern bloc tactics at the forthcoming European security conference in Madrid. The talks also provide an opportunity for Poland's neighbours to express their nervousness at recent events in that country.

The meeting takes place against the background of a sharp deterioration in East German-West German relations and growing criticism of Poland's independent trade unions by Poland's immediate neighbours East Germany and Czechoslovakia. They are believed to be expressing the concern of the Soviet Union as well as their own.

The Foreign Ministers meeting closely follows a similar meeting of Warsaw Pact military leaders in Prague last week.

In a gesture to East European sensibilities, the Polish authorities called in senior diplomats from the U.S., Britain and West Germany at the weekend and complained that the media in the West were attempting to interfere in Poland's internal affairs. This is a point which has been raised recently by Herr Erich Honecker, the East German leader, and others.

The Polish party newspaper, Trybuna Ludu, this weekend showed that, for the moment, at least, the Warsaw leadership is sticking to its declared line that "the process of change in the country is irreversible." The paper carried a long report on the work of the commission which is drawing up the new trade union law to take the new independent unions into account.

Meanwhile, delay in registering Solidarity, the country's largest independent union, is creating tension between the Government and the unions. Mr. Lech Walesa and other union leaders this week-end went on a triumphant tour through southern Poland which included mass meetings

They said they intended to go on with union activities and to elect officials even if the union is not registered. The union's national leadership meets today to decide whether strike action against Government policies is warranted at present.

New Italian Cabinet sworn in

BY JAMES BUXTON IN ROME

ITALY'S 40th Government since World War II—a four-party coalition under Sig. Arnaldo Forlani—was sworn in over the weekend. The new Cabinet excludes Sig. Filippo Pandolfi, the internationally respected Treasury Minister, who is also chairman of the IMF policy-making Interim Committee.

The new Government was formed exactly three weeks after the fall of Sig. Francesco Cossiga's second Administration, which was defeated in a secret ballot on a vote of confidence only minutes after being given a comfortable majority in a public ballot.

Sig. Forlani, who is president of the Christian Democrats, and who, though holding many Government offices, has not been Prime Minister before, has broadened Sig. Cossiga's coalition of Christian Democrats, Socialists and Republicans to include the Social Democrats. The new Government should have a Parliamentary majority of about 90.

The departure of Sig. Pandolfi, whose political base was apparently insufficient to ensure him a place in a Cabinet which had to accommodate representatives of a fourth party, is likely to mean that the IMF will have to replace him.

In what could be called a surprise choice, Sig. Pandolfi is replaced by Sig. Benjamino Andreatta, a respected economist

The 26-man Cabinet includes only seven new faces. Sig. Emilio Colombo, the Foreign Minister who played a big part in settling Britain's row with its EEC partners over its budget contribution, remains at his post, as does the Industry Minister, Sig. Antonio Bisaglia.

But Sig. Giovanni Marcora has lost his job as Minister of Agriculture where he had ended a tradition of relative passivity in representing Italy in the EEC by fighting on behalf of Italian farmers. He is replaced by Sig. Giuseppe Bartolomeo.

The first task of the new Government will be to try to enact the key elements of the economic package designed to curb consumption, help exports and support the lira. The package, introduced in July by Parliamentary decree, foundered with the fall of the Cossiga Government.

Greek row likely over NATO plan

By Our Athens Correspondent

THE GREEK Government is likely to face a storm of protest over its reported acceptance of new proposals for Greece's reintegration into the North Atlantic Treaty Organisation's unified military command.

Although the Greek Government as so far made no statement, a decision to accept in principal the proposals, put forward by NATO at the weekend, is understood to have been taken at meetings on Saturday of the Inner Cabinet and the Supreme Council of National Defence, at both of which Mr. George Rallis, the Prime Minister, presided.

Mr. Rallis later informed President Constantine Karamanlis and the opposition leader, Mr. Andreas Papandreou. Mr. Papandreou's Pasok party said immediately that any agreement on NATO reintegration or the future of U.S. bases in Greece should be subject to parliamentary approval.

The Greek Government's reported acceptance followed separate talks held by the NATO Supreme Commander, General Bernard Rogers, with Gen. Agamemnon Gratsios, chief of the Greek National Defence Staff, and Gen. Kenan Evren, the Turkish leader.

It is understood that the Rogers' proposals provide for the command control situation to be that which existed in 1974 when Greece walked out of NATO but with an opportunity, after Greece's return to the NATO military committee, for examination of Turkish proposals concerning the boundaries of the two countries' zones of responsibility in the Aegean. It is also stressed that reintegration should not be regarded as setting any precedents in connection with questions of dispute between Greece and Turkey in the Aegean.

Go-ahead for W. German uranium plant likely soon

BY DAVID FISHLOCK, SCIENCE EDITOR

THE GERMAN nuclear industry expects Government approval early next year for a DM 1bn (£222m) investment in West Germany's first factory for the enrichment of uranium.

The plant will be at Cronau, near the Dutch border, where the nuclear industry has just started a DM 18m assembly line for gas centrifuges, owned jointly by MAN and Uranit.

Dr. Hans Mohrhauer, managing director responsible for planning and constructing the German enrichment factory with the Uranit consortium, expects to start building next summer and to produce the first enriched uranium in 1984. The factory is being planned for a total capacity of 1,000 tonnes, although there is an enrichment contract to justify only 400 tonnes at present.

The plant will be owned by Urenco Deutschland, the German shareholder in the tripartite Anglo-German-Dutch Urenco enrichment company.

Britain and the Netherlands are already building new Urenco enrichment plants, respectively at Capenhurst, Cheshire; and Almelo, Holland, about 20 miles from Gronau.

The German factory will be subject to three different forms of international inspection to assure that no highly enriched uranium of military value is being produced — from its Urenco partners, from Euratom, and from the International Atomic Agency.

Dr. Mohrhauer says the principal justification for a German enrichment plant at this time, when the world market for enrichment is very depressed, is the desire of West German electricity companies to have an independent source of enrichment.

The British and German partners in Urenco have experienced some difficulties with the Dutch over investment decisions, and the German utilities have also had difficulties in getting guaranteed supplies of natural gas from Holland.

In the 10 years that Urenco has existed, the one-third German share of enrichment capacity has been installed in Holland, to avoid antagonising the USSR.

Gas centrifuges assembled in the plant at Gronau will be installed at Almelo, until the new German enrichment factory is ready to receive them, in 1983.

The German gas centrifuges are made by MAN and Dornier, to a Uranit design which incorporates British and Dutch technology through the pooling of research and development agreed under the tripartite Almelo Treaty. Similarly, British and Dutch centrifuges contain many common features, such as German bearings.

Since the treaty was signed in 1970, Urenco has reduced gas centrifuge plant costs by a factor of three, Dr. Mohrhauer said. It has lowered its overall enrichment costs to 40 per cent of the 1970 estimates.

But Uranit did not expect to maintain this rate of improvement in the 1980s, Dr. Mohrhauer added. From about 1985-1986, Uranit expects to have a more advanced gas centrifuge ready for installation at Gronau.

Dutch nuclear station blockade

BY CHARLES BATCHELOR IN AMSTERDAM

MORE THAN 4,000 protesters blocked the entrances to one of the Netherlands' two nuclear power stations yesterday, in the biggest demonstration of its kind ever staged in the country.

Protest groups from all over the Netherlands and also from West Germany began a non-violent blockade of roads leading to the nuclear plant at Dodewaard near Nijmegen. The protesters are trying to force the closure of the power station, by preventing supplies and relief crews getting in.

Several hundred riot police stood ready to prevent the demonstrators breaking through a cordon of barbed wire which had been thrown up around the plant.

Anti-nuclear protest groups have been preparing the blockade for several months against Dodewaard, which is the Netherlands' first nuclear power station, built in 1968. As an experimental station of 50 MW, it provides power for the national electricity grid.

The Government has announced a two-year debate of nuclear energy to inform the public and to assess their views, after which Parliament will decide whether to continue to develop nuclear power.

Delays in starting the debate, and the Government's announcement earlier this year that it wanted to build three more nuclear plants of 3,000 MW capacity in all, has fuelled protests. The only other nuclear power station in use in the Netherlands is at Borssele,

Muldoon leadership crisis deepens

NEW ZEALAND'S leadership crisis heightened during the weekend with a decision by Mr. Brian Talboys, the Deputy Prime Minister, to cut short a European tour and to fly home, Our Wellington Correspondent reports. A large group of Government MPs, including at least five Cabinet Ministers wants Mr. Talboys to replace Mr. Robert Muldoon as leader of the National Party and Prime Minister. The Chief Government Whip, Mr. Tony Friedlander, has declared that he has no confidence in the Prime Minister and will resign if the leadership does not change.

Mr. Talboys is expected to be back in Wellington in time for the next meeting of the National Party's parliamentary caucus on Thursday, when the issue of the leadership is likely to be decided. Meanwhile a public opinion poll, published on Saturday, showed a big increase in public support for the Social Credit Political League, with 30 per cent of the electorate now claiming to back this third party which secured only 16 per cent of the votes at the general election two years ago.

Portugal sets date for presidential poll

December 7 has been named as the date for the Portuguese Presidential elections. If there is no clear result, there will be a second round on December 21, Diana Smith writes from Lisbon.

The fight between the incumbent, General Antonio Ramalho Eanes, and his main rival, Gen. Antonio Soares Carneiro, the candidate of the Centre-Right Democratic Alliance, promises to be fierce.

Having won a 16-seat majority in the parliamentary elections on October 5, the Alliance and its leader, Sr. Francisco Sa Carneiro, the Prime Minister, are painting Eanes as a left-winger whose continuation in office would hamper Portugal's chances of restoring private enterprise.

Pressure on punt

The Irish punt could come under renewed heavy pressure today because of continuing concern over the country's large balance of payments deficit, Stewart Dalby writes from Dublin. The Irish pound closed at 84.27p against sterling on Friday although most of the depreciation was due to the strength of the British currency.

Namibia talks

A United Nations delegation arrived in Johannesburg yesterday for talks with South African officials aimed at breaking the deadlock in negotiations on the independence of South West Africa (Namibia), Reuter reports.

Chinese output

China's gross industrial output achieved 76.8 per cent of its annual quota during the first nine months of this year and recorded an increase of 11.7 per cent over the same period of last year, Reuter reports from Peking.

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Carter 'will seek Senate vote on SALT accord'

BY DAVID BUCHAN IN WASHINGTON

PRESIDENT CARTER has promised to seek Senate approval for the SALT 2 arms treaty with Moscow "at the earliest possible moment" after the November 4 election despite the continued Russian military occupation of Afghanistan.

His words, in a news agency interview over the weekend, mark a shift in the Administration's stance to separate SALT 2 from the Afghanistan issue. Last spring, Mr. Carter formally asked the Senate to shelve the arms pact because of the Russian invasion, and only last month the President was saying that the Senate would be ready to consider SALT again "when we see positive movement by the Soviets to withdraw

Mr. Carter now claims to detect a change of Senate mood, saying that it is no longer certain that the treaty would fail to get the necessary two-thirds (67) Senatorial vote for ratification. He left open the possibility that he would request ratification from the lame-duck Senate which is to sit for a month after next-month's election. It is more likely, however, that a new Senate convening in January would be asked to tackle the issue.

Mr. Ronald Reagan, the Republican candidate, has promised to scrap the treaty, signed in June 1979, if he wins the election. And Mr. Carter's new push for SALT should be seen in the context of the President's desire to put the maximum policy distance between himself and Mr. Reagan in the closing stage of the campaign, rather than a real change of sentiment on Capitol Hill, where many Senators still couple the treaty's fate with the Russian presence in Afghanistan.

Portraying Mr. Reagan as a warmonger, whose opposition to SALT will unleash a new arms race, has paid off for Mr. Carter

● According to a report by the House of Representatives Commerce Committee, oil dealers have overcharged U.S. consumers by more than $2bn. (£833m) in the past 18 months by fraudulently exploiting complexities in the Government's remaining price controls. The committee accuses middlemen and dealers of falsely claiming that their oil came from marginal wells producing less than 10 barrels a day and so exempt from price controls.

The committee is urging the Energy Department to investigate the alleged fraud.

EEC central banks 'need better co-ordination'

BY JOHN WYLES IN BRUSSELS

EUROPEAN Comunity central banks need to co-ordinate their intervention policies more effectively if they are to maintain cohesion of the European Monetary System and avoid occasionally de-stablising the dollar.

This is the recommendation of a chapter reviewing the EMS in the European Commission's anual economic review.

It avoids lecturing member-states on the need to create a strong European monetary fund with centralised foreign exchange intervention, but the commission does accuse member-states of on at least one occasion of breaching both the letter and the spirit of the EMS.

This occurred, the review said, in the third quarter of this year, when EEC central banks became overal net sellers of dollars "in a period of pronounced weakness for the American curency." This situation arose "because of the intervention of a single central bank designed to limit the fall of its currency

"Indeed, the persistence of simultaneous reverse dollar operations (with some Community central banks buying while others sell dollars) conforms neither to the letter nor the spirit of the system."

The one notable success in co-operation cited by the Commission came in the first quarter of this year, when an excessively sharp rise in the dollar, because of high U.S. interest rates, was "contained."

WORLD TRADE NEWS

Finance set for Siemens' telephone deal with Egypt

BY ROGER BOYES IN BONN

SIEMENS, the West German electrical group, has managed to solve the financing problems surrounding its $1.8bn (£750m) telephone deal with Egypt, and has received the first crop of orders from Cairo.

A group official announced that orders worth DM 600m (£145m) all related to the telephone deal, had just been booked by the Siemens-led consortium. The main participants in the consortium are Siemens of Germany, Siemens of Austria and Thomson CSF of France.

The contract, signed last year, provides for the installation of 500,000 new telephone lines and the rehabilitation of 250,000 existing lines between now and 1985. One of the major hindrances has been securing an attractive enough financing package for Egypt, but according to Siemens executives, all problems have been ironed out and the appropriate agreements were signed recently.

It was learned earlier this year that Siemens of West Germany had sewn up the finance for the first part of the contract with the West German Government providing DM 93m in soft loans and a further slice in commercial loans. The overall cost of the financing was expected to work out at slightly less than 5.5 per cent interest.

However it was by no means clear that the other two members of the consortium would be able to offer similarly favourable terms of interest for the initial financing. Siemens executives now make clear that the other consortium members have reached financing agreements, and that technical details of the project have also been settled.

The initial orders are for 120,000 lines and the associated cables, enough, in other words, for four local exchanges.

India delays steel plant award

BY K. K. SHARMA IN NEW DELHI

A DECISION on the proposal to set up a $2.6bn coastal plant at Paradip in Orissa state, for which British Steel Corporation and Davy International of the UK, on the one hand, and Mannesman Demag of West Germany, on the other, have bid, is certain to be delayed.

This follows a decision by the Indian cabinet to form an inter-ministerial committee to study the Steel Ministry's recommendation that the project be awarded to one of the two bidders on a turnkey basis. The cabinet is not sure that a turnkey contract is the cheapest way of executing the project.

The Steel Ministry had proposed that either the British or West German offer be accepted quickly since additional steel-making capacity is needed urgently and that the best way of getting the project executed speedily is to award it on a turnkey basis. The plant would have a 1.5m tonne capacity.

When the proposal was considered by the cabinet last week, divergent opinions were expressed, and some ministers thought it ridiculous to award a turnkey contract to a foreign party at a time when India had the technology and capability to erect steel plants in any part of the world. They also felt that a turnkey contract would be more expensive. Hence the decision to form a committee to study the matter further, and this will inevitably mean delays.

A decision on the proposal should have been taken by the end of September which was the time limit given by both the British and West Germans on their offers. Both have made a package bid which includes complete financing by their respective governments and consortia of European banks as well as complete construction of the plant within four years.

China steps up shipping orders

BY WILLIAM HALL, SHIPPING CORRESPONDENT

CHINA IS increasing sharply its spending on new and second-hand ships. So far this year it has spent nearly $700m on acquiring 2.1m dwt of second-hand tonnage and, over the last couple of months, has placed a spate of orders for new ships in Japanese and European shipyards.

According to statistics compiled by Lambert Brothers, the London shipbrokers, China has bought 1.2 dwt of second hand ships at a cost of $400m over the last four months. In the first half of the year it acquired 900,000 dwt costing $280m.

So far this year it has spent more than four times as much as it did last year, on second hand ships and acquired three times as much tonnage.

The Chinese buying appears to be concentrated on ships of between 60,000 dwt and 80,000 dwt which are known in the trade as Panamax bulk carriers.

The last time China was active in the second-hand market was in 1978 when it bought 2.4m dwt costing close to $500m.

Over the last three years China has increased the size of its merchant shipping fleet by around 50 per cent. In mid-1979 Lloyd's Register of Shipping calculated that China owned 846 ships totalling 6.3m drt. Since then the fleet has been expanded considerably.

The prices of second-hand ships have risen fairly sharply in recent months and the Chinese now appear to be concentrating more attention on buying new ships.

Aside from the attraction of the availability of cheap shipyard finance, new building prices are looking relatively more attractive than second-hand prices.

ILO warns industry on sweatshop labour

By Brij Khindaria in Geneva

WESTERN COMPANIES that export unfinished textile products to developing countries for further processing to save costs have been called on to take more responsibility for ensuring that the Third World sub-contractors do not keep their workers in sweatshop conditions.

A committee of the International Labour Organisation (ILO) has recommended that Governments in both developing and industrialised countries regulate clothing industry activities more closely to ensure certain minimum labour standards are met.

The Committee was told that sweatshop conditions exist not only in Far Eastern and Central American countries — which are the most widely-used by Western companies for sub-contracting, but also in Britain, France, Italy and the U.S.

"Cramped, over-crowded, offering long hours for low wages, insanitary and often vulnerable to fire, the sweatshops of London's East End have been notorious since the second half of the 19th century," an ILO report prepared for the committee, said. It added, however, that sweatshops in developing countries were much worse and frequently used child labour.

The committee recommended earlier this month that the ILO closely monitor implementation by Governments of the minimum standards it has set in the past for working conditions. It should also tighten its norms for health and safety measures.

Workers' delegates from Western countries, where jobs are threatened because of low-cost clothing imports, said any new multi-fibres arrangement (MFA) should include an obligation on Western companies to ensure application of fair labour standards by sub-contractors. The five-year arrangement, which must be renewed before the end of next year, regulates international trade in clothing and textiles.

Clothing companies in the U.S. shipped $250m worth of goods for processing to developing countries in 1978, an increase of 70 per cent over 1974.

S. AFRICA ECONOMY

Fears over imports surge

BY BERNARD SIMON IN JOHANNESBURG

A MASSIVE INCREASE in South Africa's imports since the beginning of the year is causing growing concern among local industrialists.

Some influential sectors are urging the Government to reverse recent relaxations in import controls and to raise customs duties to protect them against a flood of cheap foreign goods.

In addition, record import levels have begun to strain the country's transport, distribution and customs facilities, reviving memories of the choking port and rail congestion which disrupted business during the 1973-75 boom.

South Africa's import bill has traditionally risen rapidly during periods of strong economic growth. With the real growth rate likely to exceed 7 per cent this year, higher imports—especially of capital goods—were inevitable.

Many economists had expected, however, that a spate of import replacement projects over the past few years, the relatively low level of plant utilisation as recently as mid-1979 and official measures to protect local producers would keep the increase in imports to manageable levels.

As things have turned out, the rate of increase has reached record levels. Import values during the first eight months of 1980, totalling R9.2 bn (£5.1bn) were 57 per cent higher than in the same period last year. Standard Bank forecasted earlier this month that the increase for the year as a whole would be around 44 per cent, compared with a rise of 21 per cent in 1979, when the overall growth rate was below 4 per cent.

To the disappointment of some local manufacturers, Government policy has tended to encourage, rather than restrict, imports. Worried by the effects of a huge trade surplus on domestic liquidity and interest rates, the authorities have eased some of South Africa's stringent import controls and allowed the rand to appreciate strongly against the U.S. dollar—by almost 10 per cent so far this year.

"We have given the free market mechanism a free rein," says Mr. Wilf Wilker, the director of imports and exports. According to Mr. Wilker, the value of import permits issued in the first six months of this year exceeded the total for the whole of 1979.

A 7 per cent growth rate for the South African economy is contributing to a deterioration of the country's trade balance. Government authorities, however, are showing no signs yet of imposing curbs on imports. They may give selective relief to specific industries threatened by cheap imports, but the official view is that domestic industries will have to prove they can deliver goods both on time and at competitive prices.

A sharp turnaround in the four-year decline in fixed investment has fuelled import demand. The new gold and coal mines, power stations, and —ironically—import replacement projects such as the Sasol oil-from-coal plants currently under construction, have a substantial import content.

More recently, expansions by industries operating at full capacity have pushed up demand for foreign-made capital goods, which account for more than 85 per cent of South Africa's total imports.

The most surprising aspect of the import boom, however, has been the unexpectedly rapid growth in imports of consumer goods. Clothing, textile and shoe manufacturers are among those particularly concerned about the threat to local industry from cheap imports, particularly from Hong Kong, Taiwan, South Korea and, in some cases, the U.S.

"We don't want a repetition of what has happened in the UK and the EEC," Mr. Stanley Shlagman, director of the Textile Federation, says. Mr. Shlagman and others are convinced that with most of the industrial economies in recession, low-cost clothing and textile exporters have discovered a lucrative market in South Africa.

Despite buoyant local demand, textile manufacturers, who have invested R150m in new plant and machinery since the beginning of this year, say that orders have begun to level off.

Higher customs duties on a wide range of textiles were implemented only four months ago, but foreign goods, especially knitted fabrics, are still competing successfully against locally-made articles. The textile industry is now urging the authorities to impose strict quotas on low-cost imports. It has gone as high as the Prime Minister to argue its case.

Likewise, clothing manufacturers applied last month for stiff customs tariff increases on competitive imports, including shirts, swimwear, jerseys, jackets and lingerie. If the applications are granted, tariffs on some items will more than double.

The shoe industry has asked for extra protection on plastic gumboots.

Despite a rapidly deteriorating trade balance (it is expected to be in deficit by mid-1981, barring another surge in the gold price), the authorities show no signs yet of turning off the import tap. They may give selective relief to specific industries threatened by cheap imports, but "the industry will have to prove that it can deliver the goods in time at competitive prices," Mr. Wilker says.

One factor which may explain the Government's reluctance, so far, to come to the aid of these industries is South Africa's close political ties with Taiwan, visited last week by Prime Minister P. W. Botha.

Pretoria may be unwilling to offend its Taiwanese friends by putting a sharp brake on their exports, particularly since trade between the two countries is heavily in South Africa's favour.

This would not be the first time that local industry has had to sacrifice its commercial interests to broader political considerations. Clothing manufacturers had a "bad time," in the words of Mr. Frank Whittaker, director of the National Clothing Federation, when the Government refused to heed calls for additional protection against imports from beleagured Rhodesia in the 1970s.

The rapid rise of incoming volumes has surprised the transport industry. Shipping lines and the railways are being hard-pressed to cope with the extra traffic, which also includes substantial tran-shipment quantities destined for countries north of South Africa, mainly Zimbabwe, Zambia and Zaire. The volume of goods handled by South African ports rose by no less than 45 per cent in August.

SHIPPING REPORT

Key grain rate moves up

BY OUR SHIPPING CORRESPONDENT

THERE ARE signs that after several weeks of stability the key U.S. Gulf/Continent grain rate for 65,000 dwt-75,000 dwt Panamax bulk carriers is moving higher. A 70,000 tonner has been reported fixed at $15.50 per ton—$1 per ton up.

Congestion at Hampton Roads, the main U.S. coal port, is building up, which is reducing the amount of tonnage available, and at the same time demand for grain ships remains active.

One of the key indicators of the state of the health of the dry bulk carrier market is the size of the Soviet grain harvest, and here the news is bullish. According to latest estimates, the Soviet Union will only produce around 190m tons of grain this season.

World Economic Indicators

INDUSTRIAL PRODUCTION

					% change over previous year	Index base year
	Sept. 80	Aug. '80	July '80	Sept. '79		
U.S.	142.4	141.0	140.1	152.7	−6.7	1967=100
	Aug. '80	July '80	June '80	Aug. '79		
W. Germany	107.2	109.4	130.3	106.0	+1.1	1970=100
UK	102.8	105.3	106.4	111.9	−8.1	1975=100
	July '80	June '80	May '80	July '79		
Japan	142.0	142.2	143.5	134.2	+5.8	1975=100
	June '80	May '80	Apr. '80	June '79		
France	132.0	131.0	136.0	132.0	0.0	1970=100
Belgium	124.8	123.7	125.0	131.0	−4.7	1970=100
Italy	147.7	149.0	147.8	134.8	+9.6	1970=100
Netherlands	110.0	113.0	112.0	111.0	−0.9	1975=100

Jetsave signs £30m deal with British Airways

By MICHAEL DONNE, AEROSPACE CORRESPONDENT

JETSAVE, the transatlantic holiday organiser, has signed a £30m deal with British Airways which means the airline will fly 250,000 Jetsave passengers each way across the North Atlantic next year.

Wide-bodied Boeing 747 Jumbo jets will be used for flights between London and cities such as New York, Washington, Los Angeles, Miami and San Francisco.

Fares are not yet disclosed, but will be among the cheapest to the North Atlantic next year, with discounts for amenities, such as in-flight entertainment.

For Jetsave passengers, the deal means guaranteed seats each way on scheduled flights, booked in advance through accredited agents in the Association of British Travel Agents.

The deal guarantees British Airways 250,000 fares each way across the North Atlantic at a time of recession.

Jetsave will base its British Airways operations out of London. It will continue to use Transamerica for its flights to the U.S. from points in the North of England, and will also use CP Air for its flights to and from Canada.

● North Atlantic passenger traffic between Western Europe and North America fell by 1 per cent in the first seven months of this year, to 10.37m, according to figures prepared by the International Air Transport Association.

Charter operations by the IATA airlines slumped by 21.9 per cent to 1.2m passengers. Scheduled services were down by 5.1 per cent to 9.17m passengers.

The number of seats on offer was up by 5.2 per cent to more than 15.6m, reflecting the increasing number of airlines flying the North Atlantic.

The larger number of seats, combined with the lower number of passengers, resulted in a drop in overall load factor (the percentage of seats filled) of 2.4 per cent to 64.6 per cent.

● West country airline Brymon Airways is to introduce a new route from November 3 with three daily services from East Midlands to Gatwick to connect with Gatwick's routes to North and South America, the Far East and Africa.

Renault to attack diesel market

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

RENAULT of France is to attack the UK diesel car market, currently dominated by Peugeot and Volkswagen.

Renault is introducing three diesel models, versions of the R18 and the R18 estate, and of the R20.

Diesel cars have so far failed to capture much of the UK market. Only 5,343 cars, representing 0.31 per cent of total new car sales, were registered last year.

However the Society of Motor Manufacturers and Traders has forecast that diesel cars could be taking a 4 per cent share in five years time—which would involve 35,000 a year.

Renault is more cautious. It suggests that a 2 per cent share, or 25,000 cars, is more likely.

The group expects to take 10 to 12 per cent of 1981 diesel car sales—a total of 800 to 1,000 Renault vehicles.

Up to July the UK diesel car market had risen by 20 per cent. Peugeot took 35 per cent of registrations. Volkswagen took 32 per cent.

Peugeot has just launched a diesel version of its 305 estate. Volkswagen has a new version of the Golf diesel engine on the way which the company claims will be even more like a petrol engine in performance.

Computer advises on vehicle replacement

MERCEDES-BENZ has launched a computer service to enable commercial vehicle operators to decide when they should best replace vehicles in their fleet.

This advisory service will calculate optimum vehicle-change times, taking into account all calculable factors such as repair expenses already met and those foreseen; cost of renting a vehicle temporarily when the one in question is off the road; loss of earnings during time off the road; vehicle-resale value, now and in following years; and tax liabilities.

This and other information helps plot a graph to show expenditure against time for any set of operating conditions, the most important being annual mileage.

However, lacking a crystal ball, the computer cannot reliably forecast the effect of future inflation and possible changes in vehicle taxation and corporation tax; nor future interest on capital borrowed.

Operators will receive computer printout sheets relating to their vehicles. This analysis shows the best year for vehicle replacement, plus the additional costs likely to be incurred if the date is ignored.

These additional costs are shown for both earlier and later replacement—information that could be especially important in various situations, such as plans to sell a business.

Official Unionists divided on devolution

By Our Belfast Correspondent

SERIOUS DIFFERENCES emerged at the annual conference of Northern Ireland's Official Unionist Party this weekend over whether it should hold out for devolution or seek full integration with the UK.

The Official Unionists, led by Mr. James Molyneaux, have been fighting ostensibly for a majority rule government. But they have been troubled by an undercurrent of opinion which holds that devolution should be dropped in favour of a permanent relationship which would guarantee the union between the province and Britain.

The conference debate on the main motion, reaffirming party policy on majority rule, was often heated. The delegates were finally persuaded to move on to other business without taking a vote.

Integrationists in the party believe that the search for a government devolved on majority rule terms is futile and can only weaken the link with Britain.

Mr. Molyneaux said that the party stood for a devolved government. It would have no truck with options designed to give a place in government to parties which desired a united Ireland.

He later denied that the party's image had been damaged

Lonrho may publish London newspaper

BY JOHN MOORE

LONRHO, the international trading conglomerate, is considering publishing a London evening newspaper, following the announced closure of the Evening News.

Mr. Paul Spicer, a Lonrho director, confirmed that talks had taken place between the group and its subsidiary, George Outram, which publishes the Glasgow Herald and Glasgow's Evening Times with a view to setting up a new London evening paper.

"But," he said, "we have reached no decision." If Lonrho were to start a new London even paper it would be aimed at what it describes at the "hard core" of evening paper customers—those who live in inner London, and who buy their evening paper in the City and the West End.

Mr. Spicer said yesterday that it would take between eight and nine months from the date of any decision to go ahead before the new paper reached the streets.

"This is only one of 200 or 300 business opportunities which we are considering all the time. Some of them mature, some of them do not," he added.

Protests over proposals to double tax on beer

FINANCIAL TIMES REPORTER

PROPOSALS TO double the UK duty on beer as part of an EEC harmonisation package have provoked stiff opposition from Mr. John Fraser, Opposition spokesman on consumer affairs.

He is to table Commons questions pressing the Government to reject the move.

EEC Finance Ministers are to discuss later this month a proposal by the Luxembourg Government that wine be taxed at a rate three times that of beer, quantity for quantity. The present UK ratio is in excess of five to one. Wine producing countries in the EEC complain that this amounts to illegal discrimination against wine.

Customs and Excise officials estimate that the Luxembourg proposals would cause the duty on beer to double from 9p to about 18p a pint.

Mr. Fraser said: "The rest of Europe gets quite enough advantages out of Britain without trying to hit the beer drinker as well."

Net inflow on National Savings Certificates

By James McDonald

INDEX-LINKED retirement National Savings Certificates were again in demand in September with sales exceeding repayments by £30.6m.

There was also a net inflow for the third successive month of £4.3m to the National Savings Bank investment accounts, reflecting the current attraction of the 15 per cent rate of return, and a net inflow of £4.8m on Premium Savings Bonds.

However, with net outflows of £8.2m from other National Savings Certificates; £5.4m from Savings Bank ordinary accounts; and £6.5m from British Savings Bonds, the net intake overall last month by the Department for National Savings was £19.3m.

Including accrued interest, National Savings receipts last month totalled £261.2m and repayments £174.3m.

Fewer doorstep milk deliveries

THE number of households drinking milk in Britain remains constant but the number getting doorstep deliveries and the average consumption continues to fall, according to a survey by the National Dairy Council.

Nearly all households—97 per cent—buy or use fresh milk but the proportion of doorstep deliveries has dropped from 92 per cent to 89 per cet in the last two years, and is down to 81 per cent in London.

'Aesthetic vandalism'

DR. DAVIS CLARK, MP for South Shields, has condemned a proposal to dump nuclear waste beneath the Cheviot Hill as "an act of aesthetic vandalism, which can be likened to slashing the Mona Lisa or smashing the Elgin Marbles."

Demonstration

EXTRA police will be on duty in Corby, Northants, today when unemployed steel workers demonstrate during Environment Minister, Mr. Michael Heseltine's fact-finding tour of the town.

Chiropractic plea

MR. DAVID ATKINSON, MP for Bournemouth East, yesterday attacked doctors for their "professional sabotage" in the recognition of chiropractic in Britain. He told the British Chiropractic Association that even Parliament had failed to recognise fully the scale of the problem of backache and its enormous cost to the nation.

Vicars' pay rise

CLERGYMEN in Peterborough diocese are to get a 21 per cent pay increase. The award will give vicars an extra £900 a year and curates £600.

Politicians warned

MR. ROWLAND WADE, retiring chairman of the Friends of the Lake District, has called on people "to make sure that our representatives in Government, both Parliamentary and local, do everything necessary to guard and protect our finest countryside, and to let them know particularly at election times, that if they don't do so, they will not get our votes."

Rates proposal

RATEPAYERS in Suffolk could face an increase in demands next year of more than 28 per cent. The increase —28.3 per cent—is being discussed by councillors this week, and the Council has warned that this would only allow for 10 per cent wage increases.

Derbyshire forum

A DERBYSHIRE forum for economic affairs is being set up by the County Council in conjunction with industry, trade unions and government department representatives. It is hoped the forum will set up panels to try to alleviate youth unemployment, consider further education, new technology, analysis of employment potential and joint co-operation between industries.

Justice hits at Police Complaints Board

Financial Times Reporter

THE POLICE Complaints Board has proved a "wholly ineffective instrument for dealing with serious complaint," according to Justice, The British section of the International Commission of Jurists.

The chief weakness of the system says Justice in a memoranda to a Government committee which is examining the Triennial Review Report of the Board, is that the Board has no power to intervene in cases which, because an investigation disclosed evidence of a criminal offence, has been referred to and dealt with by the Director of Public Prosecutions.

Justice—an all-party law reform organisation of 1,600 lawyers—says that in the Board's report it admitted, both directly and by implication, that it has not satisfied the public demand for a truly independent system of investigation.

Justice says it is essential that there should be an independent element in the direction and investigation of serious complaints.

It recommends that a panel of "suitably qualified people" should be set up under the authority of the Board to direct investigations into serious complaints and to evaluate the complaint before a report is sent to the DPP.

Justice says that if the DPP decides not to prosecute the Board, at present it cannot recommend disciplinary proceedings and the complainant is effectively deprived of any prospect of obtaining a remedy.

For this reason Justice recommends that all statements taken in an investigation should be made available by the Board to the complainant's legal adviser so that he can make an appeal, or petition the Home Office.

Justice supports the Board's suggestion that Chief Constables should be able to prosecute in a specified range of minor offences, subject to certain qualifications.

Spastics in charity tax plea

Financial Times Reporter

A STRONG PLEA that the Government allow all charitable donations to be deductible for tax purposes was made by the Spastics Society at its annual meeting at the weekend.

A deficit of £823,000 for 1979-80 was reported, bringing total deficits in recent years to more than £2.6m on April 5.

Mrs. Joyce Smith, chairman of the society, said: "I would like to tell the Government that the time has now come when it must do more than pay lip service to Britain's charities.

"It must take urgent action now to aid the flow of funds into charitable coffers, or it must accept responsibility for, and spend more money on, the handicapped themselves. The Government cannot have it both ways."

Mrs. Smith said that a move to allow charitable donations to be deductible on tax would be a logical step, since with the sole exception of the Irish Republic all other EEC countries had this arrangement.

Another method of aiding charitable organisations would be to grant relief from Value Added Tax which affected many of the services the society provided.

Co-operative Bank urges loan scheme

BY JOHN ELLIOTT, INDUSTRIAL EDITOR

The Co-operative Bank has urged the Government to introduce a loan guarantee scheme for small business bank loans, even though many of the clearing banks are thought to be opposed to such a development.

Mr. Lewis Lee, chief general manager of the Co-operative Bank, said in a letter sent at the weekend to Mr. David Mitchell, the Industry *Minister responsible for small* businesses, that a guarantee scheme would "achieve the object of encouraging bank lending to small businesses."

A guarantee scheme is one of the measures which were examined last Tuesday by a meeting of Ministers in Downing Street. Though Ministers decided that further work should go ahead on a scheme, it is thought unlikely that anything will be introduced until the Government considers it right to encourage bank lending.

The last Government also considered introducing a guarantee scheme but decided not to go ahead, partly because of concern in the Treasury and Department of Industry about the possible cost.

Now the Union of Independent Companies and the Association of Independent Businesses are both lobbying for a largely self-financing scheme which would be run by the Bank of England or the Treasury.

The Government would underwrite 80 per cent of bank loans to small businesses, and the cost of *this* would be covered by 2 per cent of the interest received by the banks being passed on to the Government.

In the Co-operative Bank letter to Mr. Mitchell, Mr. Lee says: "We believe there is merit in the idea of a Government guarantee scheme and, although we have not studied the details, merit *also* in the one currently proposed."

Despite the progress now being made because of last week's Minister's meeting, the Union of Independent Companies *still fears that* the clearing banks may effectively lobby the Government to stop a scheme being introduced.

The banks argue that they already provide sufficient loans for small businesses. The Union says that this is not so because most bank funds are provided only through overdrafts.

"We want a firm Government statement within the next fortnight that they understand the financial plight of small businesses, and that measures will go ahead *to bring* the level of support in the UK to that available in West Germany and the U.S.," the Union said yesterday.

Deposit-takers asked to leave association

BY MICHAEL LAFFERTY, BANKING CORRESPONDENT

LOMBARD North Central, Mercantile Credit, Forward Trust, UDT and several other financial institutions are to be asked to resign their membership of the British Bankers' Association.

The move follows implementation of the 1979 Banking Act, as a result of which these leading finance houses, as well as other banking institutions, have *failed to receive the* accolade of "recognised banks."

The association has been considering the delicate question of what to do about its licensed deposit-taking members for some *time*. A *consensus* has now been reached that they should be asked to leave the association.

It seems likely that each business affected will be given a year to achieve banking status or resign.

The impending departures from membership and the large number of institutions categorised as licensed deposit-takers have led the Bank of England to consider how these businesses might be represented in future consultative discussions with the authorities.

Harris paper prescribes limited government

BY OUR ECONOMICS CORRESPONDENT

GOVERNMENTS SHOULD confine their activities to the provision of public goods whose benefits cannot be limited to those who would choose to pay, Lord (Ralph) Harris argues in *a paper published today* by the Institute of Economic Affairs.

Lord Harris, general director of the institute, a body favouring market solutions to economic problems, argues the economic, *political* and moral case for limiting the role of government. (The End of Government? Occasional Paper 58, price £1.50).

He maintains that economic markets are more democratic than ballot boxes and that political democracy calls for limited government.

Public goods are consumed collectively and must therefore be provided—or at least financed—on a straightforward collective basis. "While there is some scope for reasonable argument about the catalogue of true public goods, it would exclude many major services which are now commonly provided by government and financed through taxation."

The institute, in association with Basil Blackwell, has just expanded its activities with the publication of a new quarterly, The Journal of Economic Affairs.

Midland rejects statistics

By Our Banking Correspondent

MIDLAND BANK has rejected a claim by Western Trust and Savings, the recently acquired retail banking subsidiary of Royal Bank of Canada, that it *is now* one third the size of Midland in terms of personal lending.

The Western Trust claim, made in a statement by Mr. Mike Priestland, managing director last week implies that Midland's personal lending amounts to only about £240m.

Mr. Priestland later clarified his claim by saying he was referring only to direct lending by the *clearing bank part* of the Midland group. He says he is backed up by market research provided by Audits of Great Britain.

AGB research does do so—to some extent. Its regular *survey* of consumers suggests that direct personal loans average at present £300m for the "Big Four" clearers.

A figure of £240m for Midland's direct lending through the clearing bank might, therefore, be in line.

However, a further £100m out of a current total of £620m might be attributed to Midland's Access credit card, while Forward Trust's direct lending may be only around £70m.

A revised view of the AGB figures would give Midland Group possibly £500m in direct personal lending. The difference between this and the £1,500m in Midland's annual report is made up partly of point-of-sale lending to people by Forward Trust and lending to Midland staff

MLR fall 'would not affect sterling'

BY PETER RIDDELL

STERLING COULD remain relatively strong over the next 15 months even if Minimum Lending Rate falls, stockbrokers Phillips and Drew argues in a new analysis this morning.

In the latest issue of World Investment Review, the firm argues that exchange rates appear to have become less sensitive to interest rate changes during the last few weeks.

Other fundamental pressures on currencies may now begin to reassert their influence, in particular relative current account performances.

On this basis, even if MLR falls closer into line with the average of competitors' central bank rates, sterling is likely to remain robust through 1981, mainly because of a forecast £500m to £1bn current account surplus.

Consequently, Phillips and Drew forecast that sterling will average between $2.25 and $2.30 to the dollar next year (against just over $2.40 now) and 72 to 73 on the Bank of England's trade-weighted index, against 77.2 on Friday evening.

Earlier this month, brokers Laing and Cruickshank also argued that interest rate differentials would have little impact on sterling and projected an even stronger pound—a trade-weighted index of 78 by the end of 1981 and a dollar rate of $2.50.

The impact of the strong pound upon industry *is discussed* in the latest quarterly perspective from the research department of merchant bankers, Schroder Wagg. This warns of "alarming signs of weakness" in the real economy and argues that the Government may find it necessary to display some of the flexibility suggested in the medium-term financial strategy.

"An increase in personal taxation combined with relief for companies is not incompatible with the spirit of the strategy, it may be essential to preserve some chance of eventual success."

Barclaycard cash service

In a major pilot exercise, Barclaycard is to enable 200,000 of its 5m cardholders to obtain cash advances through Barclaybank "automated teller" machines.

Personal identification numbers will be sent to cardholders during the week beginning October 20. The cash advance service will be available immediately cardholders receive their personal numbers and they will also be able to enquire the outstanding credit available on their Barclaycard accounts.

The charge for a Barclaycard cash advance through Barclaybank machines will be the same as for a transaction over a branch counter—1½ per cent

Employers to discuss engineers charter

By Hazel Duffy, Industrial Correspondent

ENGINEERING employers will to decided this week whether to support the Government's proposals on a new chartered body for professional engineers.

Their response, which is likely to be submitted by the end of the month, will be based on discussions to be held at a meeting of the management board of the Engineering Employers' Federation.

One of the conditions of EEF support will be that the Government should agree to at least half of the members of the council on the new body coming from the ranks of industry.

The EEF, which strongly supported the statutory engineering authority proposed by the Finniston committee's report on the engineering profession, is anxious to ensure that the professional institutions do not end up holding the balance of power.

Another aspect which the EEF wants clarified is the position of the Council of Engineering Institutions and the Engineers Registration Board.

The employers also wonder how the CEI, which is a chartered body, can continue to exist alongside the new body.

The CEI, says the EEF, must therefore agree to wind itself up before the Royal Charter is granted to the new body.

Similar demands are being made by the Engineers' and Managers' Association, which was among those agitating for the *Finniston* Committee to be established.

Mr. John Lyons, general secretary of the EMA, says in a letter to Sir Keith Joseph, the Industry Secretary, that the *decision* to reject the statutory authority was a "grievous mistake."

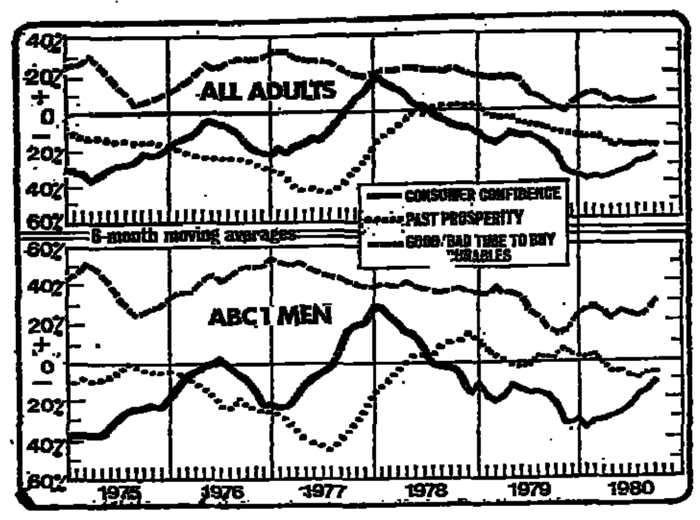
Should, however, the Government persist with the chartered body, Mr. Lyons says it will have to be "substantially different" from the present proposals

Meanwhile, the efforts by Mr. Arthur Palmer, Labour MP, to call a special meeting of the Institution of Electrical Engineers' Council, will gather momentum this week. He is determined to get the Council to explain why it changed its views on the Finniston Report

FT consumer confidence survey

Level of optimism is slightly higher

BY GARETH GRIFFITHS



A SLIGHT improvement in the level of consumer optimisim is suggested by the latest Financial Times consumer confidence survey published today.

The index for future confidence in October shows a gain of 3 percentage points, the fourth successive rise. The index now stands at a net balance of minus 19 per cent.

In October about 23 per cent of 993 consumers surveyed felt that conditions would improve, the highest level of consumer confidence recorded so far this year. But 42 per cent thought conditions would worsen and the general mood is still pessimistic.

The six-monthly index for October, which gives a more accurate picture of the trend, has also improved to a balance of *minus* 25 per cent, its best level for a year.

Consumers still do not appear to have much confidence in the Government's economic strategy. A declining proportion mention the Conservative Government or a belief that the economy is getting stronger as reasons for their optimism.

The main reason for the growth in optimism appears to have been the absence of any major industrial dispute so far this autumn and a rather nebulous belief that "things must improve."

Among pessimists, unemployment continues to be the most worrying issue. Unemployment has now clearly overtaken inflation as the main worry, 43 per cent of consumers mentioning *unemployment compared* with 23 per cent referring to rising prices.

Industrial disputes are now seen as playing a minor role by the pessimists. Strikes have been cited as a reason for worsening conditions by a constant 3 per cent for the past three months.

The survey shows that a revival of confidence is fairly uniform among consumers except for ABC1 women who have become much more pessimistic. The index for ABCI women (professional and executive) had shown the least pessimism this year but in October, the index rose 10 per centage points to 39 per cent — who were expecting things to get worse.

The survey shows a considerable regional variation. The index covering consumers in Scotland and the North-East improved by 15 percentage points to minus 15 per cent, the same figure as for London and the South.

The Financial Times Consumer Confidence Survey was carried out between October 2 and 8 by British Market Research Bureau. A sample of 993 adults was interviewed.

Financial Times correspondents report on how the fibres industry is facing up to the recession

N.Ireland in the firing line

BY RHYS DAVID, TEXTILES CORRESPONDENT

AMID Northern Ireland's other troubles, the man-made fibres industry has taken on a battle-worn appearance of its own during the past year. ICI, once a pillar of the Northern Ireland economy, has pulled out of fibre-making in the province completely, and Britain's other big fibre group, Courtaulds, has only one fibre unit left—a nylon plant.

Last month, the world's biggest fibre producer, Du Pont, decided to axe its Londonderry acrylic unit—its last plant in Europe making this fibre.

This is in stark contrast to only 10 years ago when fibre-making in the province was at its peak and new investment was being poured in. Employment then stood at 10,000—three times the number now left—and Northern Ireland was able to claim in promotional literature that it accounted for one-third of the UK's man-made fibre output.

The industry arrived in force in the 1960s when demand for fibres was still expanding rapidly and Northern Ireland was looking for new industry to replace its fast-declining linen sector.

With the help of generous financial incentives, six fibre groups—ICI and Courtaulds from the UK, Du Pont and Monsanto from the U.S., Hoechst from Germany, and British Enkalon, part of the Dutch-German Akzo group—were persuaded to put up new facilities.

During the second half of the 1970s demand for man-made fibres first stopped growing at the rates previously forecast by the fibre groups and then went into reverse under the impact of recession and low cost imports of finished garments.

The fibre groups have tried to adapt their operations to changed market conditions but, faced with a new problem—U.S. exports of cheap fibre based on low cost raw materials—more dramatic cuts have had to be made to stem mounting losses. Northern Ireland, with its concentration of plants, has found itself in the front line.

The ball was set rolling last September by Courtaulds, which announced a cutback in its polyester filament operations involving closure of a unit at Maydown and a slimming down at Larne and Carrickfergus, with a total job loss of 660. Courtaulds had in 1973 embarked—misguidedly, it now turns out—on the construction in Letterkenny in the Republic of Ireland of a big new polyester filament plant in the belief that demand would double before the end of the decade.

In February this year, the company decided to close the remaining polyester filament operations at Carrickfergus and Larne with the loss of a further 240 jobs, concentrating production at Letterkenny, its most modern plant, which is well able to meet existing and foreseeable demand.

In May, Courtaulds also decided to close down another plant on the Carrickfergus site making viscose staple—a cotton substitute—and to concentrate productions at plants in Britain.

ICI has similarly cut away at its Northern Ireland fibre operations in the hope of reaching a size that could be made viable. At the end of last year the company decided to drop manufacture of polyester textile filament at Kilroot with the loss of 600 jobs and to concentrate on industrial yarn. It is this last activity, together with the manufacture of polymer—the raw material for fibre production—which is now going with the loss of 1,100 jobs.

In each case the companies closing down have stressed that Northern Ireland's well-publicised problems have not influenced the decisions and that operations in the province have run smoothly. What clearly is telling against Northern Ireland, however, is its high-cost energy.

The province's power stations are oil-fired making the electricity needed for fibre production very expensive. Also, British natural gas is not available, and transport costs from the province have become much more expensive. So ICI has been putting its planned new investment in polyester filament into Pontypool, traditionally one of its nylon bases.

The various closures leave Northern Ireland with a still substantial fibre industry. British Enkalon with 2,000 employees makes both polyester and nylon filament at Antrim for apparel, household and industrial markets.

It has been a loss-maker for the past four years but as a sign of its confidence in the future its parent Akzo is currently injecting some £40m into the company mainly for new equipment.

Du Pont, following its withdrawal from acrylic, will still make elastanes — speciality fibres used in blends with other fibres to give stretch properties to tracksuits, swimwear and other leisurewear.

The company also makes chemicals at Maydown, where it employs 2,800. Monsanto's plant at Coleraine produces acrylic, a product in which it has a strong world position, and good markets in knitwear and carpets.

Hoechst at Limavady is in polyester filament but can draw on the very considerable strength of its parent group, the strongest polyester producer in Europe. Modest cuts have been made by both Hoechst and Monsanto in their Northern Ireland labour forces but both groups say they hope further cuts can be avoided.

Courtaulds' Northern Ireland fibre-making is now restricted to nylon, which, like aarylic, has not been subject to the same pressure as polyester and the group also has interests in textile fabric, clothing and in food production in the province.

The cuts that have taken place have cleared away the weakest parts of the province's fibre industry but some of the operations that are left are now comparitively small by world standards. Further major cuts may not be in the offing and the companies that are left are expressing a determination to see the recession through.

The longer term prospects of the industry, however, remain tied very much to the fortunes of the British textile industry and to its success in surviving recession.

Northern Ireland fibres

Company	Location(s)	Employment	Products	Brand Names	Markets
British Enkalon	Antrim	2,000	Polyester filament Nylon filament	Enkalon Diolen	Hosiery, underwear, outerwear, household textiles, carpets and industrial yarns
Du Pont	Maydown (Maydown	— 420	Elastane Acrylic	Lycra Orlon	Stretch fabrics knitwear)
Hoechst	Limavady	350	Polyester filament	Trevira	Apparel and industrial
Monsanto	Coleraine	500	Acrylic	Acrilan	Carpets, knitwear, home furnishings
ICI	(Kilroot	1,800	Polyester filament	Terylene	Apparel, industrial fabrics)
Courtaulds	(Carrickfergus, Larne, Maydown (Carrickfergus Carrickfergus	900 560 300	Polyester filament Viscose staple Nylon filament	Lirelle Fibro Celon	Apparel) Apparel) Apparel

Plants closed this year, or due to close, in brackets.

Desperate attempt to save Scottish jobs

BY RAY PERMAN, SCOTTISH CORRESPONDENT

THE LONG, green Garnock Valley, which runs from the outskirts of Glasgow through North Ayrshire to meet the sea at Irvine New Town, takes on the atmosphere of an industrial graveyard with each closure that is announced.

ICI's decision to shut the nylon works at Ardeer, at the valley's southern end, is the latest in a depressing series which started nearly two years ago with the demise of the Glengarnock steel works.

Since then, job losses have run into thousands, covering a wide spread of industries.

In the past year, Massey Ferguson closed its combine harvester factory near Kilmarnock (1,600 jobs lost). Monsanto closed its man-made fibres plant (1,100 jobs). SKF closed its ball bearings plant (900 jobs) and many others have paid off men to survive the recession.

Rockware made 250 redundant from its glass factory at Irvine. Hyster and Ayrshire Metal Products have paid off workers. There has been the self-inflicted wound of the closure of the Ayrshire marine oil platform yard after a prolonged industrial dispute, with 900 jobs lost.

The unemployment rate in the area is 17 per cent and will rise to 23 per cent if ICI goes ahead with a proopsal to make 700 people redundant.

That explains why the ICI weekly-paid staff voted unanimously on Friday to fight the plant's closure. As the men left the meeting, it was obvious there was none of the militancy born of bitterness that used to be the natural reaction to industrial bad news. Unemployment has become a part of normal life.

There may only be a slim chance of persuading the company to change its mind, but it is the best hope most have of continuing to earn a wage.

They know what prolonged unemployment will mean. One ICI worker said:

"My next door neighbour worked for Massey-Ferguson. Now he walks about his garden all day with a camera slung around his neck. At 52, he has no prospect of finding a job. He's virtually a vegetable himself. In a year's time I could be the same way."

ICI has offered to try to find other jobs in the company and set up an employment agency for those who cannot be redeployed. The promise holds little hope.

ICI may be able to use some skilled tradesmen, but the more mobile skilled workforce has never had the same problem finding work.

Each plant closure has led to skilled men leaving the area, weakening its attraction to new employers.

For many of those who will be left in North Ayrshire, their expertise acquired working for ICI will be useless if the plant closes.

Some new jobs are coming, mainly from the expansion of the two local pharmaceutical plants operated by Beecham and Roche Products. But they will be a drop in the ocean compared with the number out of work.

Local politicians are demanding an extension of the Glengarnock taskforce area, where the Scottish Development Agency has been spearheading an attempt to improve the environment and attract new employment.

A similar scheme in the Ardeer district would do much to raise morale, but the agency has neither the physical nor financial resources to make more than a token impact on so much industrial dereliction.

The town where luck has finally run out

CARRICKFERGUS, on the north shore of Belfast Lough, is the kind of town it is easy to become nostalgic about. There are none of the trappings of inner Belfast or of most towns elsewhere in Northern Ireland.

There are no mandatory friskings and searches, no closed circuit televisions outside public houses and no sectarion grafitti daubed on walls. Even the telephones in the streets work.

Carrickfergus was also spared when the Northern Ireland troubles affected employment in nearby Belfast. In the sixties the town became a centre of the man-made fibres industry.

Courtaulds set up there and at one time employed nearly 2,000. ICI employed 1,100 and there was also Carreras, the cigarette manufacturers, who at one stage employed about 1,300.

Now, however, Carrickfergus's luck is running out. ICI has announced it is to close its polyester plant with the loss of all 1,100 jobs. It is a hard blow, following a two-year rundown of staff at Courtaulds, from 2,000 to 350.

Yet there seems little anger or bitterness about the ICI closure.

Councillor Sammy Simms, the town's Lord Mayor said: "It is very serious all right and we have written to Mrs. Thatcher asking to see her and find out what can be done. But I would say that it's not as bad as the Courtaulds business.

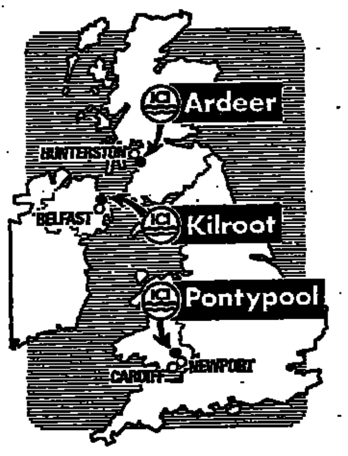
"You see, ICI have been very good employers. There has been no trouble out there, barely a strike. They are very good about pensions and redundancies and all that."

Mr. Bill Proctor, Head of Personnel at ICI said: "There have been a few exceptions, but generally people have accepted the closure quietly because it was very much expected."

"There was a very good consultancy process involving the three unions in the factory and most employees had known there woul dbe either severe cuts or a closure.

Among the employees I spoke to there was little anger but some surprise and apprehension about the future.

Mr. William McCullough, who is in his mid-thirties, is married with two children and has worked at the factory for 10 years, said: "I never thought it would happen. "I thought when I came here it was for life and that I would retire here.



"It seems such a waste closing down because for Northern Ireland it is virtually a new factory. It has only been here 18 years.

"It is not so bad for me because I have a wife working and I have had my house a long time so the mortgage is low. The fellows I feel sorry for are those who have bought their houses in the past couple of years with interest rates so high. How are they going to pay mortgages of £180 a month?"

ICI will not shut down until March and htere will then be the statutory compensation of simething like 1½ weeks' pay for every year worked, as well as redundancy payments.

Additionally, a "Resource Group" has been set up in the factory, involving senior personnel, to try to find other jobs within ICI, but it is doubtful if more than 10 per cent will be relocated.

What the ICI workers will have in their favour is mobility and some factory skills or what has become fashionable to describe in Northern Ireland as a background of "industrial discipline."

The whole swathe of land around the South Antrim coast at Larne right into the industrial parts of Belfast is Protestant, so workers can move from their homes to where the work it.

For Catholic workers, say in the ghettoes of west Belfast, the problem is more complicated. They are either too frightened or unable to move into Protestant areas to look for work. There is no work locally and has not been for a long time, so they lack the industrial discipline. This means employers even without being positively discriminatory are reluctant to take them on.

Welsh MP accuses ICI of betrayal

BY ROBIN REEVES, WELSH CORRESPONDENT

ICI FIBRES' Welsh plant at Pontypool may not be suffering the closure fate of Kilroot in Northern Ireland and Ardeer in Scotland. But this has not lessened the feelings of anger and frustration at the decision to axe 600 from the workforce.

Less than 30 years ago, Pontypool was the hub of the world's nylon industry outside the U.S., employing 5,500 people. The new cutback, which the company wants to effect by next March at the latest, will reduce employment at the site below 1,000.

In the words of Mr. Ken Mahoney, the plant convenor: "After years of making profits for the company, we are just being thrown on the scrap heap."

Mr. Leo Abse, Pontypool's MP, has been even more outspoken, describing the announcement as a betrayal. He said profits had been made out of the plant in the past.

"Now, in a period of recession, exacerbated by the Government's fanatical monetary policies, panic-striken decisions are being taken by a directorate which will bring unemployment to intolerable levels," he claimed.

ICI's move is only the latest in a series of serious blows to employment in the area. Over the past 12 months the jobless level has jumped from less than 8 per cent to 12 per cent. The most spectacular cut among a rash of redundancies has been more than 4,000 jobs lost at the British Steel Corporation's Llanwern steelworks.

Other employers are only avoiding swelling the register by short-time working. Local authority officials are in little doubt that unemployment could reach 14 per cent in the area.

ICI's Pontypool plant started in 1947 as the home of British Nylon Spinners, the company set up jointly by ICI and Courtaulds to exploit the nylon manufacturing patent outside the U.S., secured from Dupont in 1944.

For 20 years it was in the forefront of the man-made fibres revolution. Teams from Pontypool travelled all over the world to construct and commission plants to manufacture the new material.

In 1965, however, the patent expired, competition hotted up and Pontypool had to begin fighting for customers. Around this time too, it became a wholly-owned subsidiary. ICI purchased Courtaulds' 50 per cent stake in British Nylon Spiners as part of the process of unwinding its abortive Courtaulds' take-over bid.

The numbers employed at the site have declined more or less steadily ever since, though two specific changes stand out. In 1972 it was decided to concentrate the headquarters of the fibres division, previously split between Pontypool and Wilton, at Harrogate. This also produced a local outcry but ICI felt it was important to be centred on the textiles heartland

In 1976, technological improvement, which has affected the weft knit side of the textile industry more than most, began to have a further strong impact on employment.

Dr. Ronald Stewart, Pontypool's works director, says as long as ICI stays in the fibres industry, Pontypool will continue to make a vital contribution. It has just invested £30m in new technology to retain its place in the UK and European markets.

But given the number of voluntary redundancies already effected at Pontypool over the years and the employment picture in Wales, the number out of work is rising faster than in any other region of the UK. There are few grounds for optimism.

Business attack on economic policies

BY LORNE BARLING

THERE IS a real danger that Britain's industrial contraction will slip outof control during the present recession, according to a strong body of opinion in Midlands industry.

A paper outlining the risks of present Government policy has been circulated to West Midlands members of Parliament by the regional group of Chambers of Commerce representing the collective views of more than 10,500 companies.

While supporting the primary objective of reducing inflation, the group points to the "alarming consequences" of the way this goal is being pursued.

It suggests that state monopolies and nationalised industries are little affected by monetary policy, and high ointerest rates have eroded competitiveness abroad, leading to a dangerous transfer of resources from private manufacturing to the public and financial sectors.

"These recessionary policies are pushing up the Government's borrowing through higher unemployment pay, and reduced tax receipts, and damaging its ability to reduce inflation," the paper says.

The group says that companies which have borrowed to finance investment are now suffering unfairly, and that "leaner and fitter" could become a euphemism for "smaller and weaker" when applied to industry.

Its main recommendations are:

- A sharp cut in MLR, of not less than three percentage points, which it believes would not lead to increased credit demand since most corporate borrowing is seen as a necessity rather than an option.
- A consequent reduction in the value of sterling, since at the current level of the pound the trade off between employment and the balance of payments is out of line and getting sharply worse.
- Drastic changes in Government attitude towards non-tariff trading barriers, taking into account the nationalistic objectives and policies of other countries and evidence of improper discrimination by them.
- Revision of Government policy on energy prices in general, and gas prices in particular.

The present slump in domestic demand, it is claimed, should be counter-balanced by increased Government spending on capital account. "There can be nothing more wasteful than the £7bn a year at present being spent on unemployment pay."

"We would press in particular for the updating of the track and rolling stock of British Rail, the completion of the motor way network and the urgent construction of a Midlands-East Coast port motorway."

'Be positive,' sacked bosses urged

BY NICHOLAS LESLIE

MANAGERS WHO are made redundant are likely to experience disbelief, shock and other emotions, but they should not become overwhelmed by the negative aspects of their position, says a new report by the British Institute of Management.

Instead, they should recognise the positive points of redundancy, since it can offer "an excellent opportunity for personal appraisal and career review."

The publication, Guidelines for the Redundant Manager, suggests that while some executives may seek a similar position elsewhere, others could find redundancy offering the opportunity to realise "cherished ambitions of starting your own business" or to re-train for a new career.

Whatever course of action is taken, the publication provides a practical guide to the services offered by both government sponsored and private organisations and agencies, and also includes a list of them in an appendix.

As well as indicating approaches managers should adopt towards finding a new job and the options open to them, the guide provides a simple "what to do" section when redundancy first takes effect.

Explanations are given on how to register as an unemployed person and on what financial entitlements are available.

Additionally, a section explains the satutory provisions relating to pensions.

Redundant managers are strongly recommended to approach the task of finding a new job as a full-time occupation.

For, even when the most strenuous efforts are made to find new employment, the average executive "can expect to be out of work for four or five months."

Guidelines for the Redundant Manager, available from the BIM, Management House, Parker Street, London, WC2B 5PT, price £3.20 to individual members and collective subscribers, £4.80 to others.

Job creation in Ulster only replaces losses

BY OUR BELFAST CORRESPONDENT

JOBS being created by increased industrial development in Northern Ireland will replace only the jobs being lost and cannot, in the present climate adds to overall employment opportunity, the Commerce Department has warned.

In a report covering the two years to March 31, the Department shows the extent of the improvement in attracting industry to Northern Ireland following the introduction in 1977 of better financial incentives.

From an average of 2,600 in the previous three years, the number of new jobs promised rose to 6,143 at a cost of £61m in 1978-79 and to 6,351 at a cost of £70m in 1979-80.

The report says that while the results are encouraging the steady erosion of the Province's manufacturing base means the jobs will only replace those being lost.

Mr. Eric McDowell, chairman of the Industries Development Advisory Committee which advises the Department on the request for financial aid, says in the report that Government must continue to help companies which have temporary problems but which are judged to have long-term viability.

Coal industry wins bigger share of smaller market

BRITAIN'S COAL industry has been protected against the full effects of the recession by special arrangements with electricity and steel producers, according to Sir Derek Ezra, chairman of the National Coal Board.

The doubling of coal exports from the north-east this year had helped the industry, West Germany and Denmark had increased their imports.

He warned that the immediate prospects for the industry were not good. "The problem is that, because of intense international competition, we are being severely squeezed on price."

With demand continuing to decline because of the recession, coal sales were expected to fall this year by about 5m tonnes, he said.

But through vigorous efforts at home and abroad, coal was winning a bigger share of the smaller energy market at the expense of oil.

- T. I. Chesterfield, which produces stainless steel tubes and cylinders, is to make a further 180 workers redundant over the next nine months.
- Aluminium beer barrel manufacturer Alumasc of Burton Latimer, Northants, is to close its plant at Desborough with a loss of 50 jobs.
- The closure of Capital Leisure, the specialist swimming 'pool' service division within the Ellis and Everard group, threatens 27 jobs.

Work aid projects launched in Midlands

FINANCIAL TIMES REPORTER

TWO PROJECTS aimed at countering unemployment in the Midlands, one for management, one for engineering apprentices, have been launched with the backing of Government and industry.

The management scheme is to help redundant executives find new jobs, the engineering training aid in response to a fall of nearly 30 per cent in apprenticeships offered by local industry this year, and to the rising number of redundancies among trainees.

The engineering industry in the Midlands is increasingly concerned that as a result of job losses among skilled workers and a fall-off in training, labour shortages will become acute when the recession ends.

In spite of the general cut in engineering output, shortages of some categories of skilled workers have persisted, particularly toolmakers and toolsetters.

As a result of fewer apprentices being taken on this year, outside bodies are paying for more than 500 training places, says the Engineering Industry Training Board.

Sir Geoffrey Foster, manager of the West Indies office of the board, said it was deeply concerned that there would be too few skilled workers to meet future demand. It took up to four years to train an apprentice.

Midland companies had provided only 1,984 places for aprentices this year, against 2,700 last year. The training board had therefore boosted the numbers with 331 awards for trainees.

It had received additional funds on a national basis from the Manpower Services Commission, which provides most of its money, to make up for failure of industry to maintain the former level of training.

Support for apprenticeships in the Midlands also comes from Birmingha mCity Council and other local authorities, including Wolverhampton and Walsall.

The board makes awards for cmopanies to retain apprentices facing redundancy. Mr. Foster said this was one of the worst aspects of the recession, since apprentices were normally the last to lose their jobs.

The management employment scheme is to be run by the Management Development Centre in Birmingham, part of the West Midlands Engineering Employers' Association.

A number of short courses will be held soon, following success of a recent series of two-week courses in conjunction with the Manpower Services Commission.

Mr. Hary Wood, manager of the centre, said that about half the people on these courses had found jobs shortly after their completion.

BUSINESSMAN'S DIARY

UK TRADE FAIRS AND EXHIBITIONS

Current	International Motor and Commercial Motor Show—trade days 15-16 (01-235 7000) (until Oct. 26)	National Exhibition Centre, Birmingham
Oct. 21-23	Conference and Exhibition on Marine Transportation and Storage of Bulk Chemicals (09237 76363)	Royal Lancaster Hotel, London
Oct. 21-24	European Offshore and Petroleum Conference and Exhibition (01-486 1951)	Earls Court
Oct. 21-24	London Fashion Exhibition (01-385 1200)	Olympia
Oct. 28-30	Electronic Test and Measuring Instrumentation Exhibition (0822 4671)	Wembley Conference Centre
Oct. 28-30	National Housing and Town Planning Exhibition and Conference (01-686 5741)	Metropole Hall, Brighton
Oct. 28-30	Control and Instrumentation Exhibition (01-855 7777)	Harrogate
Nov. 4-6	Computer Peripheral and Small Computer Systems Exhibition and Conference (01-837 3636)	Olympia
Nov. 4-9	Kensington Antiques Fair (04868 22562)	Kensington New Town Hall
Nov. 6-16	Caravan Camping Holiday Show (01-353 4000)	Earls Court
Nov. 8-16	Daily Mail International Ski Show (Medway 47111)	Earls Court
Nov. 9-11	International Garden and Leisure Exhibition—GLEE (01-546 6757)	National Exhibition Centre, Birmingham
Nov. 11-13	Fast Food Fair and Conference (01-837 3636)	Metropole Hall, Brighton
Nov. 11-14	London Business Equipment Exhibition (01-405 6233)	Cunard Intnl. Hotel, W6

OVERSEAS TRADE FAIRS AND EXHIBITIONS

Current	International Exhibition of Women's Readymade Clothing (01-439 3964) (until Oct. 22)	Paris
Current	Hotel Equipment and Catering Exbn. (01-584 4411) (until Oct. 23)	Vienna
Oct. 22-24	Hong Kong Electronics Show (021-705 6707)	Hong Kong
Oct. 23-28	International Exhibition of Inventors and Novel Features (01-278 0281)	Brno
Nov. 3-8	International Engineering Exhibition—ENKOR 01-(681 7688)	Seoul
Nov. 4-7	International Trade Fair for Clothing Textiles—INTERSTOFF (01-734 0543)	Frankfurt
Nov. 8-16	International Boat Show (01-540 1101)	Copenhagen
Nov. 9-14	Middle East Building Materials and Construction Industry Exhibition (01-486 1951)	Bahrain
Nov. 14-23	Mining Industry Technical Fair—TECNOMIN (01-681 7688)	Lima
Nov. 17-22	International Packaging Exhibition (01-439 3964)	Paris
Nov. 19-22	Medical and Technical Exhibition and Congress—MEDICA (01-409 0956)	Dusseldorf
Nov. 24-29	Oil and Gas Industry Equipment and Services Exhibition (01-935 8200)	Mexico City

BUSINESS AND MANAGEMENT CONFERENCES

Oct. 20-21	New York Management Centre: Direct investment in the U.S. (01-937 3163)	Hilton Hotel, W1
Oct. 22	Henley Centre for Forecasting: Retailing Leisure in the 1980s (01-353 9961)	Cumberland Hotel, W1
Oct. 23-24	British Institute of Management: Corporate Cash Distress (01-405 3456)	Piccadilly Hotel, W1
Oct. 23-24	Frost and Sullivan: Finance and Accounting for Non-Financial Executives (01-486 8377)	London
Oct. 24	Palace Publishing: Strategies for Surviving and Prospering During the Recession (01-439 3833)	Cafe Royal, W1
Oct. 27-28	AMR International: Planning and Control Techniques for Managing Maintenance Operations (01-262 2732)	Amsterdam
Oct. 27-30	Brunel Institute: Job Evaluation—The settling of differentials (0895 56461)	Uxbridge
Oct. 28	The Institution of Production Engineers: The Control of Automated Assembling Machines using I.C. Systems (01-579 9411)	London, W5
Oct. 28-Nov. 1	Admap: What Price Marketing? Justifying Expenditure in a No-Growth Economy (01-379 6576)	Vienna
Oct. 29-30	Institute of Personnel Management: Recruitment Advertising and Communications (01-387 2844)	Embassy Hotel, W2
Oct. 29	CBI/BASATA: India 1980 (061 707 2190)	Ld. Daresbury Htl, Warringt'n
Oct. 30-31	FT Conference: Australia—The Attractions for Future Investment (01-621 1355)	Melbourne
Oct. 30-31	AMD Legal: Essential Management Law—Refresher (07535 56047)	London
Nov. 3-4	FT Conference: Investment in Malaysia (01-621 1355)	Kuala Lumpur
Nov. 4	Gwilym Jenkins: Forecasting For The City (0524 61831)	Clifton Ford Hotel, W1
Nov. 5	Abacus: Health and Safety in the Printing Industry—Reducing the Risks: Avoiding Confrontation (0604 881300)	Mount Royal Hotel, W1
Nov. 5-6	MTC: The Skills of Interviewing (0533 27082)	Leicester
Nov. 7	Graham and Trotman: Chile—New Business Opportunities (01-493 6351)	Hilton Hotel, W1
Nov. 11	Oyez-IBC: Food Law for the 1980s (01-242 2481)	Princess Anne Theatre, BAFTA, W1
Nov. 13-14	Keplinger and Associates: Symposium on Oil and Gas Investing and Financing (01-584 4351)	London
Nov. 13	IPM: Industrial Relation Law (01-387 2844)	London, WC1

Anyone wishing to attend any of the above events is advised to telephone the organisers to ensure that there has been no change in the details published.

UK NEWS—LABOUR

Union officials fear discipline rule

BY JOHN LLOYD, LABOUR CORRESPONDENT

FULL-TIME officials of the engineering white-collar union AUEW-TASS fear that a regulation change, voted in over a week ago by a special delegate conference, may be used against officials considered unreliable by the executive.

It allows the executive, in conjunction at times with Mr. Ken Gill, general secretary, to suspend officials with or without pay.

Mr. Gill said last weekend, after the special conference, that the change was minor and long overdue. He said that the traditions of the union would ensure that it was not abused, and that he had guaranteed to discuss it fully with officials.

Some officers concede that a tightening up of disciplinary procedures is inevitable—if not, from their point of view, desirable. But they object strongly to the manner of bringing in the regulations.

Others are angry and alarmed by the new regulation, believing that it was brought in too hastily, but that it presents a threat to their positions. Their objections to the change, to be voiced in the forthcoming talks with Mr. Gill, are on four main grounds.

First, they say that it was pushed through the special delegates' conference with inadequate warning. Delegates were not aware of the proposed change until they arrived at the London conference on October 11. It was listed on the agenda under the heading "Administrative problems."

The main purpose of the conference was to discuss the legal position relating to the full amalgamation of the four sections of the Amalgamated Union of Engineering Workers, of which TASS is one.

Second, they recall that a revised disciplinary procedure was overwhelmingly rejected by the full-time officials at a meeting during the AUEW's national conference in Llandudno last month.

Third, they believe that the change contravenes TASS's own rules. Rule 60 specifies that full-time officials should receive six months' notice of a change in their condition, a stipulation which, officials say, has not been met in this case.

One official said that legal action would follow any attempt by the union's executive to implement the new regulation.

Fourth, some officials believe that the regulation would be used against people whose views on political and industrial matters differ from those held by the majority of the executive. Such differences of opinion do not fall into the Left-Right divide because both the TASS leadership and the officials who consider themselves threatened are largely on the Left.

Farm men to demand 100% rise

Financial Times Reporter

FARMWORKERS will today demand a 100 per cent pay rise to bring earnings up to the national industrial average.

Leaders of the National Union of Agricultural and Allied Workers will tell farmers at pay talks in London that their members have been hit hard by high inflation because of their low basic wage.

The union, representing about one third of the country's 250,000 full-time farm workers, wants the basic £58 for a 40-hour week doubled for a 35-hour week.

It is also claiming better casual and overtime rates and the lowering of the minimum age for a senior from 21 to 18.

The farmers will tell the union that they cannot afford rises of this order. Latest Government figures show that in real terms farmers' incomes have fallen by about 27 per cent in the last two years, with a further fall of at least 11 per cent expected this year.

Airport peace

BAGGAGE handlers at Glasgow Airport returned to work yesterday.

They walked out after one handler was refused permission to play in a pub darts match.

The airport closed at various times from Thursday when firemen joined the stoppage. Talks will be held to work out new shift change procedures.

Dustmen threat

DUSTMEN at Oundle have threatened to strike if East Northants District Council approves plans today to sack 15 colleagues as part of financial cuts.

QE2 held up by seamen's protest

By Our Labour Staff

THE QE2, the 67,000-ton Cunard liner, was stranded at Southampton for 24 hours yesterday because of a dispute over the company's plan to transfer two other cruise ships to a flag of convenience.

About 800 crew in the National Union of Seamen decided to delay sailing the ship bound for New York with 1,500 passengers to show support for their striking colleagues in the Caribbean.

The decision not to sail was taken unanimously an hour before the ship was due to sail after Mr. Sam McCluskie, assistant general secretary of the NUS, called for the 24-hour action.

The union claims that Cunard's plans to transfer the 17,500-tonne sister ships Cunard Countess and Cunard Princess to foreign registry will deprive British seamen of 270 jobs.

The company says the union's action is unwarranted and that it has given a commitment to retain all crew on full-pay pending transfer to the QE2.

Mr. McCluskie said: "We want to show our shipmates out there in the Caribbean that someone cares about them, and that we are right behind them."

Move to end boilermakers' strike

BY JOHN LLOYD, LABOUR CORRESPONDENT

BOILERMAKERS AT the Ayrshire Marine Constructors yard at Hunterston on the Firth of Clyde, Scotland, will today vote on a plan to end a six-week-old strike.

The strike, over allegedly extensive breaches in health and safety procedures and lack of consultation, has halted work on a £16m oil platform for Phillips Petroleum and has caused the yard's owner, the U.S.-based company, Chicago Bridge and Iron, to issue a closure notice on the yard.

Mr. James Murray, the new general secretary of the Boilermakers Society, is to put a plan to the 500 boilermakers at a mass meeting in Greenock today which he believes is the last opportunity to save the yard.

The plan was thrashed out with representatives of the yard's management 10 days ago, after the boilermakers narrowly rejected a previous call for a return to work. The 400 non-craft workers at the yard, members of the General and Municipal Workers' Union, have already voted to return to work.

Shop stewards at the yard believe the plan will make 200 redundant with work previously handled in the yard being sub-contracted.

Engineering staff work fewer hours

BY OUR LABOUR STAFF

FEWER HOURS are worked by staff in the UK engineering industry than by any other engineering employees in Europe—although manual workers' hours are in line with those of the rest of Europe, according to figures published today by the Engineering Employers' Federation.

Research also suggests that the number of hours worked each year by manual workers in the UK will exceed those of their counterparts in Germany by 1983.

The paper, presented in an EEF Brief on working hours says the major difference between the UK and the rest of Europe is that most manual and staff employees in Europe have the same basic hours of work. Outside the UK, no discussions are taking place about reducing staff or manual hours, it says.

Figures covering working time in Europe during 1980 show that in the UK staff work annually between 1717-1740 hours compared with 2030 hours in Switzerland, where the most hours are worked, and with 1775 in Belgium, where the second lowest figure is recorded.

Hospital row over bonuses

HEALTH CHIEFS were drawing up emergency plans yesterday to feed patients at Liverpool's Walton hospital where the 93 catering staff have locked themselves in the kitchens, in a row over bonus payments.

They have threatened to barricade the doors if management tries to bring in volunteers.

The catering staff have worked without pay this weekend to provide meals for the 630 patients at the 760-bed hospital.

But because of union sanctions, workers are refusing to restock kitchen shelves from hospital stores. They warn they might have no food left to prepare after breakfast today.

Yesterday patients had a hot three-course lunch — but the main course was cheese pie, not the usual Sunday roast.

Hundreds of staff, many of whom live at the hospital, had to go out for meals yesterday because the staff canteen was not serving food.

Yesterday, Walton's Labour MP, Mr. Eric Heffer, visited the kitchens and suggested a peace formula.

He wants management to withdraw the threat of ending the workers' bonus scheme in January, and the staff to return to work while talks continue.

The hospital's deputy administrator, Mr. Michael Sobanja, said: "Our main concern is to make sure patients remain properly fed.

"If the kitchen staff refused to do this we would have to consider bringing in volunteer workers.

"If the catering staff remained in the kitchens without preparing meals that would be a very serious matter, which might even lead to the possibility of legal action to remove them. In the meantime we would bring in meals from outside."

Mr. Peter Farrell, a NUPE shop steward, said yesterday: "We shall stay in the kitchen as long as is necessary to get a settlement. If necessary, we can barricade ourselves in with trolleys.

The lock-in began on Friday, when Sefton Area Health Authority stopped paying the catering staff because it considered union sanctions in breach of their contracts.

Workers are angry because the ending of their bonus scheme will mean they lose a third of the basic wage — up to £25.

THE MANAGEMENT PAGE

EDITED BY CHRISTOPHER LORENZ

The pilgrim's progress of an entrepreneur

BY ARNOLD KRANSDORFF

Profile

SUCH IS the special quality of the self-made businessman that he cannot usually function effectively within a large organisation. His success in the first place is usually partly due to the generous measure of autonomy he can allow himself as his own boss—something he inevitably forfeits if he chooses to make the transition into the big league.

Yet many small-time entrepreneurs overcome their reluctance to take this step, tempted by generous offers for their businesses. Generally they are offered a directorship on the board of the larger company, only to find themselves hamstrung and frustrated by corporate torpidity.

Disillusioned, they often leave and return to the world of small business to "fly by the seat of their pants" once again.

Tony Davies is something of an exception.

He elected to be bought out by a larger company in the conscious hope that he would be able to develop more fully his interest in computers. He also wanted the experience of working at senior level for a large corporation.

In the event, after only two years, he decided that the company's aspirations for the computer business were incompatible with his own. It was also likely that the company would transfer him to the U.S.—and he did not want to go.

Wanting to be his own boss was a lesser reason, *though still* important.

Opportunities elsewhere

An ambitious Davies started out on his own ten years ago at the age of 26. He had been working for the British electronics group, Plessey, as a junior research engineer developing computers and microchips; there, he saw opportunities for making computer-based test equipment and he left to set up a company called Membrain to do so.

Two years ago, he sold his company to Schlumberger, the Franco-American oil services and electronics conglomerate, at a time when his pre-tax profits were topping £0.3m on sales of £3m. Davies personally banked about £0.5m from the deal.

In the new organisation he presided over his own company and another Schlumberger acquisition, Solartron, an instrumentation company making voltmeters and other data logging equipment. Latterly he also helped with the purchase of the Fairchild microelectronics business in California, where, it was indicated, he might have to move.

But Davies's first love has always been the complicated dynamic world of computers, their application to test equipment was of secondary interest. If he was going to fulfill his ambition, he realised he would have to leave.

"I had, and still have, a very good relationship with Schlumberger, where I picked up valuable experience which I did not get at Plessey," says Davies. "Although I learned my basic management skills with Membrain, one gets a wider visibility working for a big multinational. I was also exposed to the more traditional management functions.

"I was well thought of and my career looked assured," he says although, he had never been given any assurances that Schlumberger planned to go into computers in a big way, it became apparent that it did not. "This didn't fit into my long term aspirations."

Davies also admits that he is the type of person "who likes to work by intuition, and the upward justification needed in a big company doesn't suit me.

"*I believe in the work ethic,*" he adds "I get a lot of my *pleasure in creating wealth.*"

And create wealth is exactly what Davies again intends to do—through a company called Computer Technology, plus a handful of defections from IBM and ICL and the money he made from selling out to Schlumberger.

"There is plenty of inventiveness in the UK which doesn't get exploited," he says. "I am generally frustrated by the lack of ability that Britain has shown in turning technical talent into viable businesses. The computer industry is a high growth area and I want to test myself in a high volume and competitive market."

Davies's links with Computer Technology go back about three years, when he was appointed to its board as a non-executive director.

The reason for the appointment was that, through Membrain, Davies and Computer Technology had a common backer, the now defunct venture capital house European Enterprises Development (EED). "When it *collapsed, I was asked by the* board of Computer Technology to help them," says Davies.

Davies arrived on the scene only a few years after Computer Technology, a private company which had been set up in the mid-1960s, had almost collapsed *because it lacked marketing* strengths to convert technically advanced products into profits. It was rejuvenated by a new management team and profits improved over the next five years to top £580,000 for 1979/1980.

From his vantage point on the board, Davies became increasingly impressed with the company—so much so that he decided to buy control and expand its base.

Trevor Humphries

From entrepreneur to organisation man and back again: Tony Davies (right) with a satisfied user of his terminals, Gary Delany

Institutional backing

With the backing of the company's mainly institutional backers (ICFC, a French investor called Savorna, and *Pergamon Press*), he has acquired a 10 per cent stake for *£200,000, with an option to* acquire a further 43 per cent in five years' time.

His long-term strategy is to provide many of the computer tools needed in modern office administration—a high growth sector of the computer industry.

"*There has been significant* growth in the services sector of industry," says Davies. "In the past about 50 per cent of workers were engaged in so-called non-productive work, i.e., in the office. This has now increased to about 60 per cent.

"The volume of information and paperwork is doubling every six years. There is an obvious need for products to manage information and to improve office productivity."

Davies intends to provide an ambitiously wide range of equipment for processing, storing and distributing information, in the form of voice, data text and digitalised image.

To do this he has restructured the group under a new holding company, Information Technology, *and created two new* subsidiaries called Office Technology and Network Technology.

Computer Technology will continue its present activity of providing high-performance minicomputers for business administration. Office Technology, which is expected to provide the main thrust for the group in the short-term, will provide systems for office automation such as word processors incorporating advanced functions for document management. Network Technology, the most recent company to be created, will provide independent private communication networks or electronic switchboards for transmitting digital information.

Davies's financial strategy revolves around using the assets of Computer Technology. In addition to a good cash flow, it has no debt and around £0.5m in bank deposits. Because of its strong balance sheet Davies has been able to negotiate borrowing facilities from the clearing banks of around £1m.

He is not daunted by high interest rates. "Remember, I am a child of the seventies and know no different," he says.

For the next four years Davies has ear-marked around £2.5m to develop his office automation systems through a team which includes about eight ex-IBM employees who joined him recently. "They have been researching the office automation market for some time and IBM chose not to back their products. They approached me *with their ideas which I think* have great potential."

Four of the team, who between them have more than 50 years' experience with IBM, have been appointed to senior management positions with Office Technology, one of them *to head its marketing drive.* Another management appointment has gone to a former vice-president of ICL's U.S. operations.

Ambitious target

Ambitious as ever, Davies has set himself a target of group sales of £50m and pre-tax profits of £6m by 1984-85. The achievement of this would require an annual sales growth of at least 50 per cent and a return on capital of around 40 per cent.

This might seem ambitious in such a competitive environment where at least 50 companies are already in the market, even if *only a few are UK owned.* But Davies is not perturbed. "Most of them are putting out conventional equipment whereas we're going to provide an overall electronic documentary system to enable managers to improve office efficiency. Here we have *perhaps only five or six* competitors."

Confronting the unthinkable

Nicholas Leslie continues our series on help for redundant executives

YOU ARE the chief executive of a New York company which is suddenly taken over. Next thing you are an out-of-work chief executive. You have turned 50 and are not of an easily employable age. So what do you do?

Tom Hubbard faced this dilemma nearly 13 years ago. His answer was to turn the situation to his advantage and, given his background at the head of an advertising agency, it seems rather surprising that his actions had not been taken before.

On the plus side Hubbard had experience in promoting both himself and other people and products. On the minus side was a predicament that is *increasingly being felt in industry* as on both sides of the Atlantic executives fall victim to economic recession, and face enforced redundancy or early retirement.

Hubbard drew the two experiences together and set up THinc *Consulting Group as a specialist* in grooming redundant executives to present themselves to maximum advantage to potential new employers. The term Hubbard uses for his services is "executive outplacement" and he claims that it was he *who first introduced* the concept—which is now employed in some form or another by several organisations other than THinc in the U.S. and the UK.

Basically, the service goes something like this: a company needs to make one or a number of senior executives redundant. It calls in THinc to advise on the best approach to adopt to inform the people concerned of their redundancy. It then assigns THinc to help those executives through a programme of self-analysis to establish their strongest points and how they should present these to likely employers.

"We act as a teaching agency in showing people how to be professional in searching for a job," says Hubbard. He reckons that, *particularly* with the more senior executive, three to five valid job opportunities should emerge within six months "and we can help him make the right choice." He claims that around 80 per cent of executives find jobs within six months and that *only 2 or 3 per cent never find* new employment. He also maintains that around 60 per cent end up in better jobs.

THinc stresses two points. It does not find jobs and it is always employed by a company, not the executives. Which is perhaps just as well since its fees vary between 10 and 15 per cent of the redundant executive's annual remuneration. In the U.S. it specialises in redundant executives in the £100,000 a year range, and in the UK the £35,000.

It is tempting to suggest that THinc's activities are elitist in that its prime objective seems to be to look after the more highly paid executives who are being shown the door. It might seem that by giving the top layer special treatment an employer runs *the risk of alienating* the main body of his employees, some of whom may also be in line for redundancy.

Hubbard denies this, saying that THinc puts together programmes for executives and workers all the way down the line, athough where larger numbers are concerned the counselling given is on a collective rather than individual basis. In these cases, fees are negotiated.

All the same, Hubbard does admit to 80 per cent of THinc's business being made up of individual assignments.

Hubbard maintains that with any redundancy programme it is far better for a counselling service to be brought in at the earliest possible stage so that it can be properly planned rather than conducted in fire-fighting fashion. "We aim to help companies manage change rather than operate in a climate of confusion," he says.

Once an executive has been made redundant he can operate from THinc's premises until he finds a new job. Hubbard is rather against redundancy or severance payments being too large because he reckons this deters the executive from getting down to finding a new job. If he remains out of the market-place for more than six months, his chances of re-employment diminish rapidly.

THinc Consulting Group International (UK), 85-87 Jermyn Street, London SW1Y 6JD. Earlier articles in this series were published on August 13 and October 7, 1980.

Green light for indexed bonds

BY SAMUEL BRITTAN

MOST OF THE discussion of the pros and cons of indexed bonds has related to Government debt. Earlier this year the Bank of England persuaded the Chancellor to turn down proposals for indexed gilts on the basis of some dubious arguments now "on record" in the proceedings of the Treasury Committee. As a very inadequate substitute there are to be more "granny" bonds so far limited to senior citizens.

But the defeat for indexed gilts, which one hopes will be but temporary, leaves completely open the subject of indexed borrowing by the private sector. The whole issue was investigated very thoroughly by the Wilson Committee.

The best part of that Committee's Report dealt with the effects of inflation on the demand for finance. The real cost of capital turns out to be much lower than popularly suggested, having fallen from just under 6 per cent in the mid-60s to about 4½ per cent in 1979.

The main deterrent to investment is the low real rate of return. Over and above this businessmen have been deterred from borrowing to finance even profitable projects by interest rates often below the rate of inflation, but which they have nevertheless considered to be very high.

Debenture

The Wilson Committee explains very clearly the grounds for such reluctance. A company, which issues a debenture at 14 per cent is borrowing at a bargain rate of minus 2 per cent if inflation stays where it is. But it would be taking on a very heavy obligation if inflation were to disappear. It is for similar reasons that the credibility and sincerity of the Government's own anti-inflationary commitment will be in doubt so long as it borrows long-term on unindexed terms.

But even if inflation and interest rates stay where they are a company may have a severe cash problem. For the heavy nominal interest payments amount in fact to accelerated repayment or "front-end loading." It is exactly the same as the problem of the house purchaser, borrowing at bargain basement rates but with a heavy commitment in the first few years.

An indexed loan provides a corporate borrower (and those who lend to him) both with insurance against changes in the inflation rate and a better balanced cash outflow. There have been two main obstacles to such borrowers. One is extremely unfavourable tax treatment. The big snag here is the premium on redemption which is not a taxable expense, even though it represents merely compensation for inflation.

Even if a borrower could find a way round the fiscal obstacle, or wanted to persevere regardless, he risked for a long time the disapproval of the Bank and Treasury. After a couple of suggestions for very prominent companies were turned down in 1975 no further proposals of any size were put forward.

Unanimous

Now, however, a change of heart among our rulers can be reported. The Wilson Committee was evenly divided over indexed gilts but was unanimous in recommending that both fiscal deterrents and informal pressures against corporate indexed borrowings should end. It added that indexed-linked loans "could in principle do more than any other proposal to remedy the current shortage of borrowing possibilities."

There is no progress to report on fiscal deterrents, but there is in terms of official attitudes. There is no longer any official policy of stopping indexed issues.

Neither the Treasury nor the Bank will say on the record "indexed issues are now all right." All they will say is that any application will be "judged on its merits," which they maintain was always the position. Informal soundings make it clear, however, that the attitude has changed from red-amber to amber-green.

Ultimately the fiscal battle will have to be fought. But if anyone has a workable scheme he should summon up his courage and his tax lawyers. There is no longer any reason for an automatic Bank of England veto. As an excuse for inaction it no longer exists.

It's hard times for the Inland Revenue while the Vestey sun is shining

THE WEEK IN THE COURTS

BY JUSTINIAN

THESE ARE hard times for the Inland Revenue in its bid to persuade the courts to strike down tax-avoidance schemes.

Not only did it fail in November to obtain a favourable ruling from the House of Lords in the Vestey family case, but recently it has also been *excoriated in the letters columns of The Times* for having dared to tax people on the basis of a decision in 1948, which was ultimately overruled in the Vestey case.

The criticism is ill-founded, whatever the merits of the House of Lords' decision against the Revenue.

The story begins in 1936. In that year's Finance Act the kernel of what is now section 478 of the *Income and Corporation Taxes Act 1970* was introduced into our fiscal law. The provision, as expressed in its preamble, was "for the purpose of preventing the avoiding, by individuals ordinarily resident in the UK, of liability to income-tax by means of transfers of assets in consequence whereof income becomes payable to persons resident abroad."

As amended in 1938, the measure struck in two ways: First, if "such an individual" had "power to enjoy" (widely and artificially defined) any such income, it had to be deemed to be his income; and *second if*, whether before or after such transfer, such an individual received (or was entitled to receive) any capital sum the payment whereof was in any way connected with the transfer, any income which in consequence of the transfer had become that of a foreigner had to be deemed to be that of such recipient.

The section immediately exposes the crucial question: Is only such an individual as has himself made the transfer caught by the taxing provision? Or does the measure strike also at any intended beneficiary, whether a party to the transfer or not?

The former way of looking at the section is to regard it as having a limited effect, that is, to be directed against persons who transfer assets abroad and who by means of such transfers avoid tax and who yet manage, when resident in the UK, to obtain or to be in a position to obtain benefits from those assets.

The second approach is to give the whole section an extended meaning, so as to embrace all persons, born or unborn, who in any way may benefit from assets transferred abroad by others. This was the approach adopted by the House of Lords in 1948 in *Congreve v Inland Revenue Commissioners*. In *Vestey v Inland Revenue Commissioners* last year the House of Lords, exercising its new-found power of 1966 not to follow invariably its previous decisions, held that the more natural meaning to be attributed to the section was the more limited one of confining the liability to tax to the transferor of the assets.

Was it right to overthrow a 1948 decision which the 1979 Law Lords patently did not like, because in relation to a large class of settlements the 1948 decision would lead to results which would be "arbitrary, potentially unjust, and fundamentally unconstitutional." Lord Wilberforce could not believe that the eminent Law Lords who decided the Congreve case would have been willing to ascribe to Parliament an intention to produce such results.

Many people in the intervening years had been taxed on the basis that Congreve had been rightly decided. If that was all wrong, surely only Parliament should be the instrument of rectifying the judicial error? And in any event is it fair to castigate the Inland Revenue for having pursued the taxpayers in accordance with a House of Lord's decision?

In the Vestey case the Law Lords were referred, if somewhat timorously by counsel for the Revenue, to what the Royal Commission on the Taxation of Profits and Income *had said* in 1955.

That Royal Commission, chaired by Lord Radcliffe (himself a Law Lord and a master of taxation law) dealt specifically with the complaints of the Congreve decision. Its view is worthy of verbatim report.

The Commisioners referred to representations made to them about the scope of the legislation: "One was that when this section was introduced in 1936 assurances were given in Parliament to the effect that the only person intended to be affected by it was the person who actually made the transfer in question. The House of Lords has since decided that the section is not restricted in that way. It was said that it ought now to be so restricted, or else that its range ought to be explicitly *redefined. We do not agree.* We think that it would be altogether wrong to restrict its operation to the transferor himself, for a section so restricted would offer obvious opportunities for avoidance; and we see no need to supplement by new legislation the effect of the House of Lords decision."

It is an irony that the Vestey family may well prove to be the *only substantial beneficiaries* of this judicial U-turn. Taxpayers who in the past have paid tax on the basis of the Congreve decision are likely to find any claim to repayment barred by section 33(2) of the Taxes Management Act 1970 (which precludes relief when a return *has been made in accordance* with the practice then generally prevailing). And any taxpayer proposing to make hay while the Vestey sun is shining must heed the *warning note* of the late Viscount Dilhorne.

"At least," he said, "one thing is clear, and that is the urgent need for the reconsideration by Parliament of the terms" of section 478. "I hope in consequence of the light thrown on section 478 that section may speedily be amended. In my opinion it certainly should be."

If that is right, can the Revenue be blamed for having taken full advantage of the judicial windfall that fell into its lap with the Congreve decision, and for having stoutly maintained its entitlement to pursue taxpayers with the wholehearted support of the 1955 Royal Commission?

UK v U.S. jockeys at Sandown

RACING

DOMINIC WIGAN

THERE HAVE been a number of world-wide invitation races in recent years for top international riders, but none in which the scoring system has been arranged to link all the placings to the outcome.

This will change on Wednesday when competition begins in the Chivas Regal Trophy at Sandown. Under the rules of this unusual competition five British riders face a quintet of America's leading jockeys on runners balloted by the Jockey Club in a three race series. Each rider will pick up the number of points relating to his final position. Hence, the first home in each of the ten-runner events will pick up that number of points while even the last will notch a diget.

Since the betting on the outcome of the team event opened a week ago, there *have been* few backers prepared to chance their money on the U.S. jockeys.

This is hardly surprising. With the exception of Steve Cauthen only Willie Shoemaker has any experience — and extremely limited at that—among the American competition riders in Britain. The three other visitors Laffit Pincay, Angel Cordero and Jorge Valesquez have ridden most of their winners on America's flat, left-handed and either oval or circular courses—usually on dirt.

On Wednesday the trio will be race-riding on a right handed turf course with marked *gradients.*

Looking at the betting on the individual riding honours it is clear that Ladbrokes — the official odds makers to Chivas Regal — believe that Piggott, Pincay and Carson have drawn the pick of the mounts and those jockeys head the Ladbroke's prices at 3-1 and 7-2 (twice). Ladbrokes may well be right, but I can't help thinking that *Brian Taylor, for whom this* has been a far from memorable season, could surprise them through his trio of Roger Bacon, trained by Johnny Haine, Duncan Sasse's Black Minstrel and the Bill O'Gorman representative, Alanood.

LEICESTER

1.45—Green Memory
2.15—Empress Carlotta**
2.45—Alabama
3.15—Welsh Display
3.45—Blues*
4.15—Montclare
4.45—Gallic Pride***

ENTERTAINMENT GUIDE

OPERA & BALLET

COLISEUM. S 836 3161. CC 240 5258. ENGLISH NATIONAL OPERA. Wed & Sat 7.00: Arabella. Thurs 7.30: La Belle Helene. Fri 7.00: Cosi fan tutte. 104 balcony seats avail from 10 am on day of perf.

COVENT GARDEN. 240 1066. S. (Gardencharge CC 836 6903.) THE ROYAL OPERA. Ton't. Wed. Sat 7.30 Lucia di Lammermoor. THE ROYAL BALLET Tomor 7.30 Giselle. Thu & Fri 7.30 Enigma Variations/Gloria/Rhapsody. 65 Amphi seats avail for all perfs from 10 am on day of perf. COVENT GARDEN CELEBRITY CONCERTS Sunday 8 pm. Jessye Norman. Tkts. £1-£8.

SADLER'S WELLS THEATRE EC1. Bkg. Office 837 1672/3856/7505. Until Sat. Today-Fri 10.30 am & 2 pm. Sat 2 pm & 5 pm WHIRLIGIG THEATRE presents Nutcracker Sweet. A musical play for children.

THEATRES

ADELPHI. CC. 01-836 7611. Evs. at 7.30 Sat. 4.00 & 7.45. Mats. Thurs at 3.00. TONY BRITTON. LIZ ROBERTSON. PETER BAYLISS and ANNA NEAGLE in MY FAIR LADY. Group bookings ring 01-836 7358 or 01-379 6061.

ALBERY. 836 3878. CC bkgs. 379 6565. Gp. bkgs. 379 6061 or 836 3962. Evgs. 8.00. Thurs. mat 4.30 Sat 5.00 & 8.15. Sian Philips. Denis Lawson. Half Moon Production. Rodgers & Hart's PAL JOEY

AMBASSADORS. S. CC. 836 1171. Evgs. at 8.00. Mats. Sats. at 4.00. Donald Swann & Frank Topping in SWANN WITH TOPPING. Seats £2.50. £3.50. £4.50. £5.50.

ALDWYCH. S. 836 6404. CC. 379 6233. (10 6. Sat. 10-4). Info. 836 5332. ROYAL SHAKESPEARE COMPANY. Seats available Ton't. 7.30. Then eves 7.30. Thu. Sat mats 2.00. Run ends 8 Nov. JUNO AND THE PAYCOCK. Group Sales Box Office 379 6061. For RSC Prestel booking key 22023. Booking now open for special return season The Life and Adventures of NICHOLAS NICKLEBY (from 13 Nov.). RSC also at The Warehouse and Piccadilly Theatres.

APOLLO. S. CC. 01-437 2663. Grp. sales 379 6061. Eves 8.00. Wed. 3.00. Sat. 5.00. 8.00 (Wed. Mat. 5.0 from Nov. 12). RODNEY BEWES. FRANCIS MATTHEWS in MIDDLE AGE SPREAD. Comedy of the Year West End Theatre Awards

ARTS THEATRE. 01-836 3334-2132. Prevs. from Tuesday. Evgs. 8.0. Friday & Saturday 6.30 & 9.0. JOE ORTON'S LOOT. Directed by KENNETH WILLIAMS

BOULEVARD. off Brewer Street W1. 437 2661 Tues. to Sun. 10 pm. Fri & Sat. 8 & 10 pm THE COMIC STRIP. London's newest anarchic cabaret

CAMBRIDGE THEATRE. S. 01-836 6056. Credit card hotlines 01-836 7040. 01-240 5679. Advance Box Office now open. JOAN COLLINS. SIMON WILLIAMS. JAMES VILLIERS. ELSPETH MARCH. MOYRA FRASER & MICHAEL ALDRIDGE in THE LAST OF MRS. CHEYNEY. Directed by NIGEL PATRICK. Opens Thurs at 7.0. Red. price previews Tomorrow & Wed at 8.0. £1.50. £3.00. £4.00. £5.00. £6.00. Subs. evgs Mon-Fri at 8.0. Thurs 3.0. Sat 5.0 & 8.30. Anti-inflation policy—seats at £1.50. £2.50 & £4.00 in stalls and royal circle. Students. Nurses. OAPs £1.50. Group Sales 379 6061 & 836 6056.

COMEDY THEATRE. S. CC. 01-930 2578. Grp. sales Box Office 379 6061. Eves 8.00. Mat. Sat. at 5.00 CLEO LAINE as COLETTE with Kenneth Nelson and John Moffat. A story with music by John Dankworth.

CRITERION. 930 3216. CC. 379 6565. Group Bkgs 836 3962 or 379 6061. Eves. 8.00. Fri. & Sat. 6.00. 8.45. Robin Ray. Jonathan Adams. Martin Connor. Tricia George in TOMFOOLERY. the words and music and lyrics of TOM LEHRER.

DUCHESS TH. CC. 01-836 8243. Group sales 379 6061. Eves. 8.00. Sat. 5.30 & 8.30. Thurs. Mat. 3.00 (Thurs. Mat. 5.0 from 13 Nov) MARIA AITKEN MICHAEL JAYSTON in Noel Coward's PRIVATE LIVES.

DUKE OF YORK'S. S. CC. 836 5122. Mon-Thur. 8.0. Fri 8.30. Sat 5.30 & 8.30 Matinee Wednesday at 3.0. FRANCES de la TOUR. DAVID de KEYSER in DUET FOR ONE by Tom KEMPINSKI.

FORTUNE. 01-836 2238. Evenings 8.00. Sat. 5.0 & 8.0. EDWARD DUKE in JEEVES TAKES CHARGE by P. G. WODEHOUSE.

GARRICK. CC. S. 836 4601. Evgs. 8.00 (sharp). Fri. and Sat. 5.30 and 8.30. WILLIAM FRANKLYN in Ira Levin's DEATHTRAP.

GLOBE. S. CC. 01-437 1592. 01-439 6770 Opens Wednesday. 7.0. subs 8.0. Sats. 6.0 & 8.45. FOR A LIMITED SEASON ONLY. HINGE AND BRACKET AT THE GLOBE. BOOK NOW for BIG party REDUCTIONS 15 and over. Telephone 01-379 6061.

GREENWICH THEATRE. S. CC. 858 7755 Evgs. 8.0. Mats. Sat. 2.30 TIME AND THE CONWAYS by J. B. Priestley.

HAYMARKET. Theatre Royal. 01-930 9832. Evgs. 7.45. Wed. 2.30. Sat. 4.30 and 8.00. LEONARD ROSSITER. PRUNELLA SCALES in MICHAEL FRAYN'S MAKE AND BREAK. Directed by MICHAEL BLAKEMORE.

HER MAJESTY'S. 01-930 6606. CC. S. HALF PRICE PREVIEW Tonight 8. Opens Tomor 7. Sub Evgs 8. Sat 5 & 8.15. Wed Mat 3 (from Oct 29) A THE Sensational Musical Melodrama THE STREETS OF LONDON [illegible]

KINGS HEAD. 226 1916. Opens Ton't. Dnr 6.30. Show 7.30. [illegible] Show 8) GOOD FUN by Victoria Wood.

LONDON PALLADIUM. 01-437 7373. Opens Tonight at 7.00 2 weeks only THE KEN DODD LAUGHTER SHOW with the Hillsiders & Supporting Co. Subs. Eves. Mo:. Tues & Weds at 7.30. Thurs. Fri & Sat 5.10 & 8.45. Box Office open. Credit cards accepted. Group sales box office 01-379 6061.

LYRIC. S. CC. 01-437 3686. Evenings 8.00. Wed. 3.00. Sats. 5.30 and 8.30. DINSDALE LANDEN. NICOLA PAGETT in ALAN AYCKBOURN'S TAKING STEPS.

LYRIC HAMMERSMITH. CC. 01-741 2311 Eves. 7.30. Thur. Mat. 2.30. Sat. 4.30 & 8.15. THE WILD DUCK. Ibsen. a new translation by Ronald Hingley. director Michael Blakemore. With Richard Briers & Nerys Hughes ". . . a beautifully detailed production . ." Gdn. Book Now! LYRIC STUDIO: Eves. 8.0. THE POTSDAM QUARTET. David Pinner's new comedy. director David Giles. Book Now!
Today 1.15 pm A GALWAY GIRL.

NATIONAL THEATRE. S. 928 2252. OLIVIER (open stage): Tomor Wed 8.00 THE CHIEFTAINS trad Irish folk music tkts £2 to £5. LYTTELTON (proscenium stage): Ton't 7.45 THE ELEPHANT MAN by Bernard Pomerance. Thurs 7.45 (low price Previews) The Provoked Wife by John Vanbrugh. COTTESLOE (small auditorium): Sat. 8.00 Preview THE CRUCIBLE by Arthur Miller. All tkts £3.50. Students £1.40. Excellent cheap seats from 10 am day of perf all 3 theatres. Car park. Restaurant 928 2033. Credit card bkgs 928 5933.

OLD VIC. 928 7616. CC 261 1821. S. Until 8 Nov. Evgs. 7.30. mats Wed & Sat 2.00 Leicester Haymarket Co with Margaretta Scott. Richard Easton. Polly Adams & Joyce Grant in the original 4-Act version of THE IMPORTANCE OF BEING EARNEST. Today now bkg 15 Dec to 17 Jan.

PALACE. S. CC. 01-437 6834. RODGERS & HAMMERSTEIN'S OKLAHOMA! Evgs. 7.30. Mats. Wed. and Sat. 3.00. Group Sales Box Office 01-379 6061.

PICCADILLY. S. 437 4506. CC. bookings 379 6565. Mon.-Thurs. 8. Fri. & Sat. 5. and 8.40. Stalls from £2.90. ROYAL SHAKESPEARE COMPANY in Willy Russell's new comedy EDUCATING RITA. RSC also at Aldwych Warehouse.

PRINCE EDWARD. CC. 01-437 6877. Evgs. 8.00. Mats. Thurs. and Sat. 3.00. EVITA by Tim Rice and Andrew Lloyd-Webber. Directed by Harold Prince. Group sales box office 379 6061. Seats available for matinee performances.

PRINCE OF WALES THEATRE. 930 8681. Credit card bookings 930 0846. An evening with TOMMY STEELE and his company. Eves. Mon., Thurs. 8.30. Fri. and Sat. 6.00 and 8.30. Book Now. Last 6 weeks.

QUEEN'S. CC. 01-734 1166. Eves. 8.00. Sat. 4.30 and 8.00. Tom Courtenay. Freddie Jones THE DRESSER. The new play by Ronald Harwood. Directed by Michael Elliott.

RAYMOND REVUEBAR. CC 01-734 1593 At 7.00. 9.00. 11.00 pm. Opens Sun. PAUL RAYMOND presents THE FESTIVAL OF EROTICA. New Acts. New Girls. New Thrills. 23rd sensational year. Fully air cond.

ROYAL COURT. S. CC. 730 1745. SUGAR & SPICE by Nigel Williams. Evgs. 8. Mon all seats £2.

SADLER'S WELLS THEATRE. EC1. Bkg. Office 837 1672-3856-7505. Until 25 Oct. Tomor. 2 pm. Wed.-Fri. 10.30 am & 2 pm Sat. 2 pm & 5 pm WHIRLIGIG THEATRE presents Nutcracker Sweet. A musical play for children.

SAVOY THEATRE. 01-836 8888. JOHN ALDERTON. PAULINE COLLINS in Charles Dyer's comedy RATTLE OF A SIMPLE MAN. Evgs. Mon.-Thurs. at 8.00. Fri. and Sat. 5.45 and 8.45. Reduced Group Bookings 839 3902. Credit Card bookings 836 8117.

SHAFTESBURY. Shaftesbury Ave. WC2. CC. Tel. Box Office 01-836 6596 01-836 4255. TOM CONTI & GEMMA CRAVEN THEY'RE PLAYING OUR SONG If possible book at least 14 days in Advance by Post. Send SAE and cheque Prices: Stalls and Royal Circle £8.00. £6.50. £5.00. Circle £3.50 (£1 seats at the Box Office) Mon.-Fri 8.0. Mats. Wed. 3.0. Sats. 5.0 & 8.30. Credit card booking only 839 4682. Group Bookings only 839 3092.

SHAW. 01-388 1394. Opens Tonight at 7.00. Subs. Evgs. 7.30. Mat. Thur 2.30. THE PRICE by ARTHUR MILLER.

ST. GEORGE'S THEATRE. Tufnell Park, N7. 24 Hour Booking 607 1128. Tomor & Wed 7.30 MACBETH. Thurs. Fri & Sat 7.30 THE WINTERS TALE.

ST. MARTIN'S. CC. 836 1443. Evgs. 8. Matinees Tues. at 2.45. Sat. 5 and 8. Agatha Christie's THE MOUSETRAP. World's longest-ever run. 28th year.

STRAND. 01-836 2660. Evenings 8.00. Mats. Thurs. 3.00. Sat. 5.30 and 8.30. LONGEST-RUNNING COMEDY IN THE WORLD. NO SEX PLEASE—WE'RE BRITISH. Directed by Allan Davis.

STRATFORD-UPON AVON. Royal Shakespeare Theatre (0789) 292271. Amex Cards (0789) 297129. Info. (0789) 69191. ROYAL SHAKESPEARE COMPANY in new production RICHARD III previews Wed. Thu. Fri (7.30). New production RICHARD II previews Oct 27. 28 (7.30). 30 (2.00).

TALK OF THE TOWN. 01-734 5051. AIR CONDITIONING. CREDIT CARDS. LONDON'S GREATEST NIGHT OUT. From 8 o'clock. Dining & Dancing 9.30 SUPER REVUE BUBBLY and in cabaret at 11 KAMAHL. Dancing until 1 am.

THEATRE ROYAL, Drury Lane. [illegible]

VAUDEVILLE. CC. 01-836 9988. Mon. to Fri. 7.45. Wed. mat. 2.45 Sats. 5 & 8.15 JOAN PLOWRIGHT. COLIN BLAKELY ENJOY. A new play by ALAN BENNETT Directed by Ronald Eyre.

VICTORIA PALACE. CC. 01-828 4735-6. 01-834 1317. Evgs. 7.30. Mat. Wed. and Sat. 2.45. ANNIE. Grp. sales Box office 379 6061. Now booking through Christmas.

WAREHOUSE. Donmar Theatre. Earlham Street. Covent Garden. Box Office 836 6808. ROYAL SHAKESPEARE COMPANY. Ton't. Tomor. Wed 7.30. NO LIMITS TO LOVE by David Mercer. All seats £3.50. Students £2.00 in advance from Aldwych Box Office.

WHITEHALL THEATRE. 01-930 7765. CC. Paul Raymond presents FIONA RICHMOND and a Bedful of Beauties in WOT NO PYJAMAS. Evgs. 8.30. Fri., Sat. 6.15 and 8.30.

WINDMILL. CC. 01-437 6312. Twice nightly at 8.00 and 10.00. Suns. 6.00 and 8.00. Paul Raymond presents RIP OFF! Hotter than ever for 1980. The erotic experience of the modern era. Fifth great year.

WYNDHAM'S. S. 01-836 3028. CC bkgs. 379 6565. M.-Thur. 8. Fri. & Sat. 6. and 8.40 Dario Fo's farce ACCIDENTAL DEATH OF AN ANARCHIST.

YOUNG VIC. 928 6363. Today 2.0. Wed 7.30. Shakespeare's ROMEO & JULIET. Ton't. Tomor. Thur. Fri. Sat. 7.30 LEAR. All tkts £2.

CINEMAS

ABC 1 & 2 SHAFTESBURY AVE. 836 8861. Sep perfs. All Seats bkble. 1: A Stanley Kubrick Film THE SHINING (X). Wk. & Sun. 1.30. 4.45. 8.00. 2: THE ELEPHANT MAN (AA). Wk. & Sun: 1.30. 4.45. 8.00.

CLASSIC ENTERTAINMENT
Teledata 01-200 0200

CLASSIC 1, 2, 3, 4. Chelsea King's Road. 01-352 5096. Last performance bookable. 1: LA CAGE AUX FOLLES (AA). Progs. 3.30. 6.25. 9.05. 2: BEING THERE (AA). Progs. 1.45. 4.50. 8.15. 3: LAST 3 DAYS! LA DEROBADE (X). Progs. 2.40. 5.40. 8.15. 4: LAST 3 DAYS! THE BIG RED ONE (AA). Progs. 2.15. 5.15. 8.40.

CLASSIC (Piccadilly) 1, 2, 3. Haymarket (Piccadilly Circus Tube). 01-839 1527. 1: THE SHINING (X). Progs. 12.50 (not Sun.) 3.20. 5.40. 8.05. 2: LAST 3 DAYS! LAST FEELINGS (A). Progs. 12.55 (not Sun.). 3.15. 5.40. 8.05. 3: LAST 3 DAYS! THE BIG RED ONE (AA in Dolby Stereo). Progs. 1.05 (not Sun.). 3.30. 5.55. 8.20.

CLASSIC 1, 2, 3, 4, 5. Oxford St. 01-636 0310 (opp. Tottenham Ct. Rd. Tube). Fully air conditioned. 1: DRESSED TO KILL (X). Progs. 1.20. 3.30. 5.40. 8.00. 2: LAST 3 DAYS! XANADU (A) In Dolby Stereo. Progs. 1.00. 3.00. 5.00. 7.00. 9.00. 3: THE HUNTER (AA). Progs. 1.10. 3.35. 6.00. 8.10. 4: LAST 3 DAYS! LA DEROBADE (X). French dialogue—English subtitles. Progs. 1.10. 3.30. 5.50. 8.15. 5: AIRPLANE! (A). Progs. 1.00. 3.00. 5.00. 7.00. 9.00.

CLASSIC. Leicester Square. 01 930 6915 CRUISING (X). 1.45 (not Sun.) 5.20 8.55. EVICTORS (X). 3.30. 7.05.

CURZON, Curzon Street. W1. 499 3737. Bertrant Tavenier's UNE SEMAINE DE VACANCES (AA). (English sub-titles). Progs. 2.00 (not Sun.). 4.05. 6.20. 8.40.

ODEON HAYMARKET (930 2738-2771). Roy Scheider in a Bob Fosse film ALL THAT JAZZ (X). Sep. progs. 1.30. 4.40. 8.00.

ODEON LEICESTER SQUARE (930 6111) In 70 mm! THE BLUE LAGOON (AA). Sep. progs dly. Drs. open 1.30. 4.30. 7.45. "The Blue Lagoon" starts at 2.20. 5.40. 8.50.

ODEON MARBLE ARCH W2 (723 2011-2) DRESSED TO KILL (X). Sep. progs. Drs. Open Dly 1.15. 4.15. 7.30. Evening Programme & Weekends May Be Booked In Advance.

STUDIO 3 & 4. Oxford Circus. 437 3300. Lic'd Bar. 3: THE DEER HUNTER (X). 12.45. 4.05. 7.30. Lte show Sat. 10.50. 4: THE SHINING (X). Progs. 1.05. 3.30. 5.55. 8.20. Lte show Sat. 11.00.

CLUBS

EVE has out lived the others because of a policy of fair play and value for money. Supper from 10-3.30 am. Disco and top musicians. glamorous hostesses. exciting floorshows. 189. Regent St. 734 0557.

GARGOYLE. 69. Dean Street. London. W1. NEW EROTIC FLOORSHOW "CLOSE ENCOUNTERS" 11-3.30 am. Shows at Midnight and 1 am. Mon.-Fri. Closed Saturdays. 01-437 6455.

ART GALLERIES

FINE ART SOCIETY, 148, New Bond St., W1. 01-629 5116. Joseph Southall 1861-1944.

LEFEVRE GALLERY. 30. Bruton St., W1. 01-493 1572-3. An Exhibition of RECENT PAINTINGS BY TRISTRAM HILLIER, RA. Mon.-Fri. 10-5. Sat. 10-1.

MARLBOROUGH, 6. Albemarle St., W1. R. B. KITAJ. Pastels & Drawings. Until Nov. 7. Mon.-Fri. 10-5.30. Sat. 10-12.30.

MATHAF GALLERY, 24. Motcomb Street. London, SW1. 235 0010. Specialists in 19th C. and Contemporary paintings of ARABIA.

BROWSE & DARBY, 19, Cork Street [illegible] Weekdays 10-5.30. Sats. 10-12.30.

[illegible]

TV/Radio

BBC 1

black and white
† Indicates programme in

9.00 am For Schools, Colleges. 11.25 You and Me. 11.40 For Schools, Colleges. 12.45 pm News. 1.00 Pebble Mill At One. 1.45 See-Saw—"Camberwick Green." 2.01 For Schools, Colleges. 3.15 Songs of Praise. 3.53 Regional News for England (except London). 3.55 Play School (as BBC2 11.00 am). 4.20 Winsome Witch. 4.25 Jackanory. 4.40 Jana of The Jungle. 5.00 John Craven's Newsround. 5.05 Blue Peter. 5.35 The Amazing Adventures of Morph.

5.40 News.
5.55 Nationwide (London and South East only).
6.20 Nationwide.
6.55 Angels.
7.20 Star Trek.
8.10 Panorama.
9.00 News.
9.25 The Monday Film: "The Cracker Factory," starring Natalie Wood.
11.00 Film 80.
11.30 The Past at Work.
11.55 News Headlines.

All Regions as BBC1 except as follows:

BBC CYMRU/WALES—1.45-2.01 pm Pila Pala. 5.55-6.20 Wales Today. 6.55-7.20 Heddiw. 11.55 News Headlines; News and Weather for Wales.

SCOTLAND — 11.00-11.20 am For Schools. 12.40-12.45 pm The Scottish News. 5.55-6.20 Reporting Scotland. 11.55 News Headlines; News and Weather for Scotland.

NORTHERN IRELAND—3.53-3.55 pm Northern Ireland News. 5.55-6.20 Scene Around Six. 11.55 News Headlines; News and Weather for Northern Ireland.

ENGLAND—5.55-6.20 pm Look East (Norwich); Look North (Leeds, Newcastle); Look North West (Manchester); Midlands Today (Birmingham); Points West (Bristol); South Today (Southampton); Spotlight South West (Plymouth).

BBC 2

10.00 am Good for Business.
10.25 Role of The Nurse.
11.00 Play School.
11.25 Write Away.
2.15 pm Let's Go.
3.00 Make Your Own Furniture.
3.30 Time Out of Mind.
4.15 Is There Life After School?
5.55 Snooker: State Express World Challenge Cup.
6.40 Schools Prom.
7.10 Mid-Evening News.
7.25 Living on The Land.
7.50 Wainwrights' Law.
8.15 Shirley Bassey.
9.00 Rhoda.
9.25 Horizon.
10.15 Snooker: highlights.
10.45 Newsnight.
11.30 Snooker: highlights.
11.45 Heute Direkt.

LONDON

9.30 am Schools Programmes. 12.00 We'll Tell You A Story. 12.10 pm Rainbow. 12.30 Village Action. 1.00 News, plus FT Index. 1.20 Thames News. 1.30 Farmhouse Kitchen. 2.00 Against The Wind. †2.30 Monday Matinee: "In The Doghouse," starring Leslie Phillips, Peggy Cummins. 4.15 Kidnapped. 4.45 Clapperboard. 5.15 White Light.

5.45 News.
6.00 Thames News.
6.35 Crossroads.
7.00 Give Us A Clue.
7.30 Coronation Street.
8.00 World in Action Special.
9.00 "Les Miserables," starring Anthony Perkins.
10.00 News.
10.30 "Les Miserables" (continued).
12.20 am Close: "Sit Up And Listen" with Kingsley Amis.

All IBA Regions as London except at the following times:

ANGLIA

1.20 pm Anglia News. 1.30 About Britain: Dartmoor. 2.00 Farmhouse Kitchen. †2.30 Monday Film Matinee: "Battle of the Coral Sea" starring Cliff Robertson. 5.15 University Challenge. 6.00 About Anglia. 6.30 Survival. 12.20 am Reflection.

ATV

1.20 pm ATV News. 1.30 About Britain. 2.00 Farmhouse Kitchen. †2.30 The Monday Matinee: "Sleeping Car To Trieste" starring Jean Kent and *Albert Lieven. 5.15 Mr. and Mrs.* 6.00 ATV Today. 9.00 Vegas. 10.30 Left, Right and Centre. 11.10 ATV News. 11.15 Danger U.X.B. 12.15 am Something Different.

BORDER

1.20 pm Border News. 1.30 Farmhouse Kitchen. 2.00 Monday Matinee: "The World of Suzie Wong" starring William Holden and Nancy Kwan. 5.15 George Hamilton IV. 6.00 Lookaround Monday. 6.15 Mr. and Mrs. 6.45 Brain *of the Border. 12.20 am Border News* Summary.

CHANNEL

1.20 pm Channel Lunchtime News, What's On Where and weather. 1.30 About Britain. 2.00 Farmhouse Kitchen. 2.30 The Monday Matinee: "Evil Roy Slade." 5.15 University Challenge. 6.00 Channel News. 6.10 Then Came Bronson. 10.28 Channel Late News. 12.20 am News and weather in French.

GRAMPIAN

9.25 am First Thing. 1.20 pm North News. 1.30 About Britain. 2.00 Farmhouse Kitchen. 2.30 Monday Matinee: "What's Good For The Goose" starring Norman Wisdom. 5.15 Mr. and Mrs. 6.00 North Tonight. 6.30 Seachduinn *a Mhoid. 12.20 am Reflections.* 12.25 North Headlines.

GRANADA

1.20 pm Granada Reports. 1.30 About Britain: Dartmoor. 2.00 Farmhouse Kitchen. 2.30 Monday Matinee: "Three *Hats For Lisa" starring Joe Brown.* 5.15 Alright Now! 6.00 Granada Reports.

HTV

1.20 pm HTV News. 1.30 About Britain. 2.00 Farmhouse Kitchen. 2.30 *The Monday Matinee: "Sands of the* Desert" starring Charlie Drake. 5.15 Mr. and Mrs. 6.00 Report West. 10.28 HTV News.

HTV Cymru/Wales—As HTV West except: 10.05-10.20 am About Wales. 10.40-11.00 The French Programme. 11.05-11.20 Am Gymru. 12.00-12.10 pm Ffalabalam. 4.45-5.15 Sêr. 6.00 Y Dydd. 6.25-7.00 Report Wales. 8.00 Just Liz. 8.30-9.00 Yr Wythnos.

SCOTTISH

1.20 pm News and road and weather. 1.30 About Britain. 2.00 Farmhouse Kitchen. 2.30 Monday Matinee: "Evil Roy Slade." 5.15 Teatime Tales—Molly Weir. 5.20 Crossroads. 6.00 Scotland Today. 6.40 Crimedesk. 12.20 am Late Call.

SOUTHERN

1.20 pm Southern News. 1.30 About Britain. 2.00 Houseparty. †2.25 "Hill in Korea" starring George Baker. 3.45 Farmhouse Kitchen. 5.15 Different Strokes. 6.00 Day by Day including Southsport.

TYNE TEES

9.20 am The Good Word. 9.25 North East News. 1.20 pm North East News and Lookaround. 1.30 About Britain—"Dartmoor." 2.00 Farmhouse Kitchen. †2.30 Monday Matinee: "Busman's Honeymoon" starring Robert Montgomery. 5.15 The Adventures of Black Beauty. 6.00 North East News. 6.02 Double Top. 6.30 Northern Life. 10.30 North East News. 12.20 am Living Together in One World.

ULSTER

1.20 pm Lunchtime. 1.30 Farmhouse Kitchen. 2.00 Against the Wind. 2.30 Monday Matinee: "Three Hats For Lisa" starring Joe Brown and Sidney James. 4.13 Ulster News. 5.15 Mr. and Mrs. 6.00 Good Evening Ulster. *10.29 Ulster weather. 12.20 am Bedtime.*

WESTWARD

1.20 pm Westward News Headlines. 1.30 About Britain. 2.00 Farmhouse Kitchen. 2.30 The Monday Matinee: "Evil Roy Slade." 4.12 Gus Honeybun's Birthdays. 5.15 *University Challenge.* 6.00 Westward Diary. 10.31 Westward Late News. 12.20 am Faith for Life. 12.25 West Country weather and shipping forecast.

YORKSHIRE

1.20 pm Calendar News. 1.30 About Britain: Dartmoor. 2.00 Farmhouse Kitchen. 2.30 Monday Matinee: "Ginger in the Morning." 5.15 Mr. and Mrs. 6.00 Calendar (Emley Moor and Belmont editions). 6.30 Healey Snaps Back! 12.20 am The Jazz Series, *starring Annie Ross, Bobby Wellins,* Tommy Whittle and Jimmy Hastings.

Radio Wavelengths

1	1053kHz/285m 1089kHz/275m	3	1215kHz/247m & 90-92.5vhf stereo
2	693kHz/433m 909kHz/330m & 88-91vhf stereo	4	200kHz/1500m & 92-95vhf

BBC Radio London
1458kHz, 206m & 94.9vhf
Capital Radio:
1548kHz, 194m & 95.8vhf
London Broadcasting:
1151kHz, 261m & 97.3vhf

RADIO 1

(S) Stereophonic broadcast
‡Medium wave

5.00 am As *Radio 2.* 7.00 Dave Lee Travis. 9.32 Simon Bates with The Golden Hour—Part 1: 1966. 10.32 Andy Peebles. 12.30 pm Newsbeat. 12.45 Paul Burnett. 2.32 Simon Bates with The Golden Hour—Part 2. 3.32 Peter Powell. 6.31 Stayin' Alive. 7.31 Mike Read. 10.02-12.00 John Peel (S).

RADIO 2

5.00 am News Summary. 5.03 Ray Moore (S). 7.32 Terry Wogan (S). 10.03 Jimmy Young (S). 12.03 pm David Hamilton (S). 2.03 Ed Stewart's Request Show (S). 4.03 Much More Music with David Symonds (S). 6.03 John Dunn (S). 8.02 Folk on 2 (S). 9.02 Humphrey Lyttelton with the Best of Jazz on record (S). 9.55 Sports Desk. 10.02 Free Spin. 10.30 Star *Sound.* 11.02 *Brian Matthew with* Round Midnight, including 12.00 News. 2.02-5.00 am You and the Night and the Music (S).

RADIO 3

6.55 am Weather. 7.00 News. 7.05 Overture (S). 8.00 News. 8.05 Morning Concert (S). 9.00 News. 9.05 This Week's Composer: Alessandro Scarlatti (S). 10.00 Mozart recital (S). 10.40 Now and Then (S). 11.50 BBC Northern Symphony Orchestra (S). 1.00 pm News. 1.05 BBC Lunchtime Concert (S). 2.00 Matinee Musicale (S). 2.55 Violin and Piano recital (S). 3.40 New Records (S). 4.55 News. 5.00 Mainly For Pleasure with April Cantelo (S). 7.00 Thoughts on Music and Literature: The final 1980 T. S. Eliot Memorial Lecture by Anthony Burgess. 8.00 Vienna Symphony *Orchestra, part 1 (S). 8.45 The* Festival Scene (Bernard Levin reports from Barcelona). 9.05 Vienna Symphony Orchestra, part 2 (S). 10.15 Exile and the Kingdom. 10.45 The Complete Webern (S). 11.00 News. 11.05-11.15 Poulenc (S).

RADIO 4

6.00 am News Briefing. 6.10 Farming Week. 6.25 Shipping forecast. 6.30 Today, including 6.45 Prayer for the Day, 7.00, 8.00 Today's News, 7.30, *8.30 News headlines, 7.45 Thought for* the Day. 8.35 The Week on 4. 8.45 "The Fox" by D. H. Lawrence, abridged in five parts. 9.00 News. 9.05 Start the Week with Richard Baker. 10.00 News. 10.02 Money Box. 10.30 Daily Service. 10.45 Story Time. 11.00 News. 11.05 You The Jury. 11.50 Poetry Please! 12.00 News. 12.02 pm You and Yours. 12.27 Lord Peter Wimsey. 12.55 Weather; programme news. 1.00 The World at One. 1.40 The Archers. 1.55 Shipping forecast. 2.00 News. 2.02 Woman's Hour. 3.00 News. 3.02 Afternoon Theatre ("The First Flame" by Peter Terson). 4.35 Askey's Hall of Fame: Maurice Chevalier. 4.45 Short Story. 5.00 PM: news magazine. 5.50 Shipping forecast. 5.55 Weather; programme news. 6.00 News. 6.30 Not A Penny More, Not A Penny Less (S). 7.00 News. 7.05 The Archers. 7.20 Quote . . . Unquote (S). 7.50 The Monday Play (S). 9.20 Just the Job with Philippa Fearns, teacher. 9.30 Kaleidoscope. 9.59 Weather. 10.00 The World Tonight. 10.30 Science Now. 11.00 A Book at Bedtime. 11.15 The Financial World Tonight. 11.30 *Today* in Parliament. 11.40 Music at Night: Sequence of lieder in English. 12.00 News.

BBC Radio London

5.00 am As Radio 2. 6.30 Rush Hour. 10.03 The Robbie Vincent Telephone Programme. 1.03 pm London Live. 4.30 London News Desk. 5.35 Music on the Move. 7.03 Black Londoners. 8.00-5.00 am Join Radio 2.

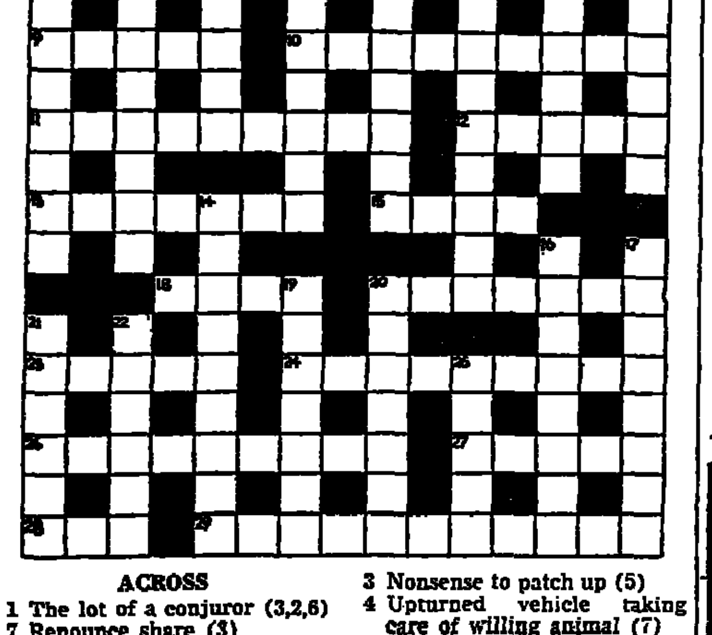
London Broadcasting

6.00 am AM: Bob Holness and Douglas Cameron. 10.00 Brian Hayes. 12.00 Max Miller—LBC Reports. 8.00 pm After Eight Special—"London's Alternative Radio." 9.00 Nightline. 12.00 LBC Reports Midnight. 1.00 am Night Extra. 3.30 LBC Cinema. 4.00 After Eight Sunday. 5.00 Morning Music.

Capital Radio

6.00 am Mike Smith's Breakfast Show (S). 9.00 Michael Aspel (S). 12.00 Graham Dene (S). 3.00 pm Roger Scott (S). 7.00 London Tonight (S). 9.00 Alan "Fluff" Freeman (S). 11.00 Tony Myatt's Late Show (S). 2.00 am Duncan Johnson's Night Flight (S).

F.T. CROSSWORD PUZZLE No. 4,404



ACROSS

1 The lot of a conjuror (3,2,6)
7 Renounce share (3)
9 Hospital patient daughter boxed in (5)
10 Romance on the royal yacht? (9)
11 *Happened to have left* parade (6,3)
12 Awful gravity in lament (5)
13 Decline briefing (3,4)
15 Go on at a bird (4)
18 *Male politician given ropey* material (4)
20 Drug hiding place: in the road? (7)
23 Line by pressman who took part in boat race (5)
24 Car left moves in bed (5,4)
26 You can't say commuters are without practice (9)
27 Any round number gives trouble (5)
28 Note sound of money (3)
29 Result of key worker's stray depression (6,5)

DOWN

1 Second discharge to go wrong (8)
2 One fuel ought to service another (8)
3 Nonsense to patch up (5)
4 Upturned vehicle taking care of willing animal (7)
5 He reckons to be in opposition (7)
6 Cut loose from firm giving notice over disagreement (3,6)
7 Stick to company present (6)
8 Name favourite as likely winner of cape (6)
14 *Trouble at bank with conscription* (9)
16 Arranger of meeting with Italian archdeacon gets nothing right (8)
17 *Year Bert became a traitor* (8)
19 Root of average bargain (7)
20 Friend gets over a noise made by knight errant (7)
21 Near to a revolution (6)
22 Idiot goes to church in nervous condition (6)
25 Don't be too hard on left (5)

The solution to last Saturday's prize puzzle will be published with names of winners next Saturday.

Covent Garden

Giselle

by CLEMENT CRISP

Debuts and indispositions marked the return of *Giselle* to the Royal Ballet repertory last week. Wayne Eagling partnered (and very well) two Giselles at his first appearance as Albrecht on Thursday night, when Marguerite Porter—replacing an injured Merle Park—herself sustained an injury which meant that she danced only the first act, and Lesley Collier dashed to the rescue as the wili Giselle. It is not fair to judge Eagling's interpretation under such circumstances, beyond noting that the role is well within his capabilities. He is an artist who responds to a sharply defined characterisation: his Rudolf in *Mayerling*, tense, doomed, is a fine example of his ability to justify a role completely in dance.

As Albrecht he manages all the initial unease and then the eager passion the young nobleman feels when he falls under the spell of Giselle's shy charms. With this first and fraught baptism past, he should be able in his next performances to develop the emotional and physical fervour that is already suggested in his reading. (It was a quality admirably conveyed by Lesley Collier when she darted into the wilis' glade to sustain her exhausted lover, seeming impelled on a swift impulse of feeling into his arms).

On Saturday afternoon Jennifer Penney and Derek Deane gave accomplished first performances. Penney presents a peasant Giselle of transparent innocence, a girl without artifice, radiant and childlike in her happiness. With madness comes a vivid portrayal of mental distress. As she collapses at the first shock of deception, Penney draws Giselle's grief in sharp, nervous imagery. The progress of the scene becomes a poignant journey through the nightmare in which she finds herself: sometimes gentle and pathetic as she relives one-time joys; sometimes frantic—Penney, like Lynn Seymour, not afraid to reveal horror in exact terms — when Albrecht's deception is recalled. The passage with the sword is high drama; full-blown Romantic agonising that grips the emotions wholly.

Penney is so gifted a dancer that she should, however, seek a better text for the first act solo (with its vulgar hops on point as needless torment for any but the most exquisite feet) than the indecisive and hurried version she performed on this occasion. Her dulcet characterisation calls for something far more expansive, less obviously a showpiece in which she was not entirely at ease. For the wili, her dancing—tender, graceful, all compassion and drifting arms — was well judged. As with the peasant variation, she can afford to allow her classic style to flower and dominate the exposition of the choreography; she must, in sum, be true to herself as a technical dancer. She must also be given a far better wig for the first act; but these are minor quibbles about an impressive début.

No less promising Derek Deane's first account of Albrecht. He plays most intelligently; he understands the logic of the character and the possibilities of the drama, not least in his unbelieving, ecstatic response to the wili Giselle's first vaporous appearances. He dances the role cleanly. As with any new Albrecht there is a dutiful, beginners' respect for the letter of the choreography, which inhibits any great effusion of feeling in the variations of Act 2. But *Giselle* marks the high-point of the fantastic ballets of the 1840s, and although the ardent sap of Romanticism has dried up, Albrecht must still seem an image from that time. Deane can now seek for the spirit of the role: Baryshnikov strewing lilies in a path from Giselle's tomb; Vladimir Skouratov's despairing flights through the haunted glade in his performances 20 years ago, remind us how Albrecht can incarnate the most fevered imagining of the Romantic era.

It is, I suspect, a failure in Norman Morrice's production to ignore this impassioned aspect of *Giselle* in Act 1. The fault lies most clearly with James Bailey's village designs—the second act is satisfactory both as setting and production—which fill an insipid location with costumes unworthy even of operetta, and encourage a dreadful insincerity in the performers. No peasant moves without scampering and grinning, as if waiting for Countess Mitzi to launch into her big waltz-song. Fuss combines with the risible in the outfits of the hunting party, the men burdened with page-boy wigs and feathered bonnets; the peasant girls look like hyperactive lamp-shades, their skirts not only hideous in design but detrimental to the dance, as can be seen in the bunching fabric that hampers supported pirouettes in the peasant pas de deux.

Re-dressed, or even with costumes rid of decorative fluster and dyed in more sober shades, the production could seem probable, and the Royal dancers might discover reason and belief in what they are doing. Simplicity, directness of narrative clarity in the exposition of the dancing—the sextet of peasant boys are sadly uneven—and mime, are vital if *Giselle* is to be anything other than a quaint piece of Victoriana.

The village drama must be made as cogent and atmospheric as the forest scene, for the first act is a symbolic confrontation with the second, Albrecht destroying Giselle, and Giselle saving Albrecht: dance as a means of death, then dance as a way to life. *Giselle* merits the most serious approach by producer and designer, as well as by dancers. We cheat and minimise a beautiful work of art if we do not strive to show its continuing relevance.

As a final note, let me commend the power of Monica Mason's Myrtha, and her beautiful *pas de bourrée*; the sincerity and integrity of Michael Coleman's Hilarion; and let me urge that Albrecht's second act doublet be changed at once—at the moment it looks like one of Liberace's less restrained dinner jackets.

Festival Hall

Abbado/LSO

by MAX LOPPERT

Stravinsky is a London Symphony composer *par excellence*: at its best, indeed, the orchestra displays a corporate mastery of his music hardly matched by any other. Friday's concert, conducted by Claudio Abbado, included a glittering account of the *Card Game* ballet score. It was not just precise, which is the least we expect from leading ensembles today; not just alert and energetic in the manner prescribed by the composer. There is a further stage to Stravinsky performance, and here it was reached: rhythmic hiccups and changes of gear, no longer awkward hurdles to be cleared, became instead foxy dramatic poses and comic sleights-of-hand in expert co-ordination.

At this point, *A Card Game* is no mere collection of well-mintined Stravinsky devices (which it can seem to be); it is revealed once again as a brilliantly engaging entertainment. The concert had opened with the Rossini *Barber* Overture (announced by the LSO as the *Aureliano in Palmira* Overture, that being the first of the three Rossini operas to which the music was attached). Abbado's Rossini goes through its paces quite as briskly and punchily as his Stravinsky—but to less attractive effect. At least the juxtaposition of the two pieces —Rossini overture and Stravinsky ballet in which Rossini is quoted—left a vivid and appreciable demonstration of what Stravinskyan wit is all about.

This sensitively composed programme—under its new principal conductor the LSO appears to be making a creditable attempt to extend the boundaries of the popular South Bank concert—followed Stravinsky with the Berg *Violin Concerto*. Salvatore Accardo's solo line, as sweet and pure as I have ever heard it, was no less finely supported: the final bars—soloist floating aloft, orchestra relaxing its burden of tragedy—rarely attain such shimmering beauty. There is in Berg a demand for overtly expressive characterisation from which Accardo, a violinist of natural distinction and good taste, seems to shy away; a much greater and more explicit pathos can still be acquired. Beethoven's Fourth Symphony—relaxed and lyrical to a fault (because symphonic tensions, even in this most picturesque of symphonies, require consistent tautening—closed the concert. Abbado and the LSO, not yet a securely established partnership, are well on the way to becoming one.

Sadler's Wells

Nutcracker Sweet

You may well ask what I was doing one recent afternoon in the company of several hundred children, waving my arms in the air and singing "Nutty nutty nutty, nuttiness is best." I was preventing myself from being glazed and then squirted with chocolate by Professor Jelly Bon-Bon, is what I was doing. So would you have been. For this vintage children's show by David Wood is every bit as good as *The Owl and the Pussycat* or *The Gingerbread Man*. And, as in all the best Wood shows, participation is an essential element of the plot, not an afterthought.

The scene is the Nutty May Fair, deep in a leafy glade, where Kernel Walnut introduces his troops, dismisses one of them, William the Conker, and leads the Nuts in their fight against the Professor, who turns up to gather material for his new chocolate assortment. It is traditional children's entertainment in a fresh coat of paint.

The designs and costumes by Susie Caulcutt are quite delightful and, in a resourceful cast, Lucy Fenwick as Gypsy Brazil, a hip-swivelling descendant of Carmen Miranda, and Alan Bodenham as the cuddly under-ripe conker, are outstanding.

The show, presented by Mr. Wood's Whirligig Company and sponsored by Clarks Shoes, resumes its nationwide tour after playing twice daily in Rosebery Avenue until October 25.

MICHAEL COVENEY

Cottages at Harriston

Architecture

New hope for villages

By GILLIAN DARLEY

In the battle of the styles that has been raging, and more recently, spluttering, in architecture during the 1970s and on into this year, tradition or the misnamed "vernacular" have been much in evidence.

The problem has been that of context. We no longer can take for granted the skills, materials or *laisser-faire* attitude that allowed a real vernacular (in the sense of the appropriate built form of a particular region — literally its "language"); anything that apes that is essentially incongruous, if not dishonest. It may pass muster in design terms, but certainly not in its pretension to invoke vanished patterns and habits. At its lowest point, the adoption of a "local" style has become the passport to a smooth journey through the in-tray and into the out-tray in the planning office.

A quick glance at a photograph or two of Harriston, in Cumbria, winner of a commendation in the 1980 RIBA awards for its architects — the Newcastle practice of Napper Errington Collerton Partnership — is not very revealing. It shsows merely terraces of neatly detailed cottages in the traditional style of that part of the country.

In fact, the crisp, colourwashed rendering, grey slates and heavy, brightly painted door and window surrounds of Cumbrian vernacular building do lend themselves uncommonly well to a respectful return to such details in new small-scale housing. There has been a healthy succession of small village schemes designed in this manner since the mid-1960s, significantly well ahead of the fashion for the vernacular.

Cumbria is a far better place to revive such traditions than, for example, East Anglia, where the intricacies of form and qualities of the original materials are much more elusive—nowhere more so than in the hands of a developer's draughtsman.

Harriston, however, gained its award for more than mere dexterity in handling an established set of component parts. It is in fact one of a rare breed, a newly built village of the late 20th century. It shares the site of Harrison, the 19th century mining village which it replaced; it has many of the people of the old Harriston, but, with the exception of its mission hall (now its village hall) and the school (now a small factory), its fabric and plan are brand-new.

Sited in the north-western corner of Cumbria, a mile and a half from Aspatria, the village had lost its original focus early this century, when the mine closed. But, like other such villages in the district, the sturdy, if sub-standard, terraces continued to stand. In 1971 the then Rural District Council commissioned the architects to report on the potential of the village. Whether to rehabilitate it, demolish it, build it from scratch, or to combine these courses of action. By the time the new authority, Allerdale District Council, came into being in 1974, the decision had been taken to rebuild it, but turning the houses to face a green, in broken terraces of varying lengths, both single and two storey, and with the allotments to the southern side.

The phased rebuilding of a village around the majority of its long-standing inhabitants is no easy task. It was carried through with a high measure of participation and that involvement has now turned to a considerable pride in the finished product.

Harriston is a very successful return to tradition. It has its own shop inserted into one of the garage units (which emulate the northern tradition of the stable being contiguous to the house, and their characteristic shallow-arched doorways). Houses, each with both garden and allotment (previously there were no gardens as such) and a generously landscaped setting defy the windswept nature of the site.

It was against all the odds that a small local authority in a remote corner of the country could pursue such a scheme, more socially than economically justifiable, against the background of recurring recession and inflation of the 1970s. It is a tale of good relations established between architects, the local authority housing and planning officials involved and the village people themselves.

Admittedly, Harriston has to be regarded as an exceptional case but elsewhere in the North other such rural industrial villages are today being given infusions of life and not merely written-off, as was the tendency a few years ago. For example, Skillingrove, in Cleveland, not far from much-visited Whitby, is being partially rebuilt. Economic depression has a very different face in these areas of the country and what might be a small gesture in the South-East becomes the difference between the life or death of a community in Cumbria or Cleveland.

Albert Hall

Michel Plasson/LPO

French conductor Michel Plasson has earned considerable recognition for his achievements as the Musical Director of the Théâtre du Capitole in Toulouse and for his many recordings, especially of Offenbach and Massenet. On Friday evening he made his concert debut in London, directing the London Philharmonic at the Albert Hall.

The concert was part of the LPO's Classics for Pleasure series, unashamedly popular stuff put on with adequate though hardly generous rehearsal time. So we cannot blame the lack of specific instrumental colour, well observed detail, or really quiet playing on Plasson, but rather on the unavoidable circumstances of the promotion. On this showing he is a modest and secure musician, with a big semaphore beat, an exuberant response to the music and an opera conductor's experienced sense of timing.

Plasson's emotional response seems generalised if generous; Verdi's *Force of Destiny* overture emerged as brassy confident yet not particularly serious. Similarly, Wagner's *Tannhäuser* overture conveyed little of that opera's tensions and conflicts. Chaikovsky's *Romeo and Juliet* overture and Stravinski's *Firebird* suite were the most substantial items on the programme. Both had a cogently shaped sense of overall structure, but Plasson seemed unable, in the Chaikovsky, to make smooth transitions between sections and, in the Stravinsky, to beat decisively enough to hold the driving rhythms of the Infernal Dance and the finale together.

Sheila Armstrong sang the Letter Scene from Eugene Onegin and the only relatively out-of-the-way item on the programme, Hero's aria from Beatrice and Benedict by Berlioz. Her attractive if cloudy soprano warmed up gradually in the Chaikovsky ("Was she singing in Russian, do you think?" asked the couple behind me) and eventually made the most of the high phrases in Hero's marvellous aria. Plasson accompanied efficiently, but did not avoid drowning the soloist. One would really like to hear him in more ambitious repertory—for example, Chausson's Symphony — and under better conditions. He obviously can offer both promise and experience; but the full extent of these attributes cannot be fairly measured by Friday evening's results.

RICHARD JOSEPH

Leicester Haymarket

Local Affairs

by MICHAEL COVENEY

Richard Harris made his West End début last year with *Outside Edge*, a very funny conventional comedy set on a cricket pavilion. He demonstrated a sure grasp of character and an ability to manipulate his creations through a tight structure. There were strong similarities with Alan Ayckbourn. For his new play, Mr. Harris attempts to emulate the more difficult side of Ayckbourn by placing several groups of characters on a single set of three different areas: bedroom, living room and kitchen. The neat point is that they all live on a housing estate where the interiors are identical.

Having set up the idea, however, Mr. Harris fails to make it work. After half an hour, none of the various couples has been locked into the neighbours' lives beyond commenting on drawn curtains or a missing ladder. The lights go up and down on Philip Grout's ungainly production with actors slipping off in the gloaming and no comic collision until very near the end, when Irene Handl is inveigled next door by her irate daughter-in-law to see her favourite television quiz programme.

That gives an idea of how flimsy the plotting is. Even the occasional farcical eruption—as when the DIY husband is stranded dangling from his loft while an ex-girlfriend has hysterics on the double bed—is neither funny nor emphatically executed.

Miss Handl, dressed as usual in housecoat and carpet slippers, is the only good reason for seeing the production. Her shuffling, meddling, unshockable senior citizen is one of the instantly recognisable delights of British entertainment, and she still exhibits that extraordinary gift of making a line funny by seizing on one vaguely inappropriate word lodged in the middle of it (as in "It's rather a peculiar feeling, being *jettisoned* by your own flesh and blood") or by conveying a self-advertising emotion with sheer flight of delivery and perfect phrasing (as in "Suffering isn't a patch on what it was in my day").

Miss Handl has arrived to reclaim her bespectacled executive son (Barry Evans) while his wife is recuperating from an operation; in the other houses, one middle-aged couple (Glyn Houston and Anna Cropper) are preparing, somewhat laboriously for a fancy dress party; while, across the way, Keith and Susan (Tim McInnerny and Eve Adam) are lying in bed all day as the twins have been taken off their hands by her mother. The two outsiders, Keith's old girl friend and a visiting doctor, strike up a liaison in double quick time although the latter, in yet another drab piece of farcical invention, manages to cover his bottom with sticky chocolates. It all conspires to remind you how skilful Ayckbourn at his best can be and does little to enhance Mr. Harris' reputation.

Purcell Room

London Sinfonietta

by DOMINIC GILL

This new London season is richer in promising concerts of new music than any season has been in years; and for their part in that small but encouraging renaissance no small credit is due to the Society for the Promotion of New Music—who in six events between now and the end of the year are for once justly and imaginatively living up to their name.

Two of the six are SPNM promotions played by the London Sinfonietta: a link that should be firmly and finally forged—can either group in all conscience really live without the other? The first, on Thursday evening, brough a good audience to the Purcell Room and was living proof (and proof is no bad thing from time to time) that a programme of unknown new works, well planned and brilliantly played, even if it contains not a single masterpiece, *can* give ample measure of interest, enjoyment and reward.

The evening was dedicated to the memory of the Australian composer Don Banks, for many years a tireless organiser of new music in England and sometime president of the SPNM, who died of leukaemia in Sydney last month at the age of 56. Marilyn Sansom gave his *Sequence* for solo cello: a gentle, careful piece made with characteristic clarity and economy, the line simple, uncluttered, the melodic sense relaxed and easy, the working open and direct. More patently virtuoso (though Banks' solo line is deceptive and hides some tricky problems) was the concert's only other solo work, *Trigane* for violin by Brian Elias (b. 1948)—nine minutes of exuberant string colour, a quick-shifting colour-slide sequence of Romany manners, stylishly laid out for the instrument, and played with spirit by Nona Liddell.

The title of the American composer Lee Hyla's (b. 1952) *Amnesia* for six instruments seemed odd in the light of its return, in two central sections, to an open, lucid texture and wide-spaced counterpoint reminiscent of nothing so much as Boulez's *Marteau*. An interesting, unsettled piece, lacking really clear focus or centre. John Woolrich's (b. 1954) *Stone Dances* used eight instruments (seven wind with double bass) in various insistently dance-like combinations — cleverly conceived and cleverly scored, not precisely a Stravinsky pastiche, but with Stravinskian procedures, and most especially a Stravinskian sound-world, very close to heart.

Gary Carpenter's (b. 1951) *Da Capo* was a tough, stark rhythmic study for six instruments that built up a formidable momentum: a glittering surface that showed successfully in five minutes all that it needed, and set out, to show. *Once upon a time* for eight winds by James Dillon (b. 1952) was at once impressive and difficult of approach: a piece of enormous variety and density, uncompromising in its layout and language, that radiated a powerful energy. The accent is stubborn, original, sharp: of all the evening's pieces, none less than worthy, it was the one which I suspect would most repay further performance and study. The Sinfonietta's excellent conductor for the occasion was Peter Weigold.

'Tribute to Fats Waller'

American pianist Dick Wellstood's *Tribute to Fats Waller*, featuring Marty Grosz, Bobby Rosengarden, Keith Smith, Al Gay and Mick Gilligan, is making several appearances in Britain as well as Europe. British dates are October 24, Pizza Express, W.1; October 25, Chichester Jazz Festival; October 26, Cork Jazz Festival; November 2, Plymouth.

From October 28-November 1 Wellstood has a week of solo performances at Pizza on the Park in London.

SOCCER TREVOR BAILEY

Directors play 'musical managers'

A POOR week for English soccer: Romania beat England in the World Cup, their under-21 side thrashed our young lions and England B were not especially impressive against the U.S.

These performances hardly suggest that Ron Greenwood's team is likely to make much impression in the final stages of the World Cup—always assuming they qualify.

At management level, club directors have been engaged busily in their favourite, and often acrimonious, pastime of playing "musical managers."

Two of the game's more colourful characters, Malcolm Allison and Tommy Docherty, have lost their jobs again; John Bond, who in seven years transformed Norwich from a footballing Norfolk backwater into a prosperous club despite limited resources, has taken over at Manchester City; and Terry Venables, generally considered one of the best and most articulate of the younger managers, has moved across London to QPR from Crystal Palace, who will be pushed to find as good a replacement and have already been turned down by Howard Kendall and Graham Taylor.

In some respects, it is difficult to understand Bond's decision. Manchester City are short of points and have serious financial problems. On the other hand, they possess excellent facilities, considerable support and a fine tradition. With a successful side, they would automatically become again one of the great clubs, something which one cannot see happening to Norwich in the immediate future.

There is also the challenge which will appeal to Bond, plus the comforting knowledge that, as City have not yet won a league match, things must improve.

More surprising was Venables' departure from Palace who, despite their league position have an abundance of young talent, for second division QPR, now on their 11th manager since the war and one of the smaller London clubs.

Everyone appreciates the value of a good manager and what he can achieve. There is no better example than the outstanding record of that remarkable duo, Brian Clough and Peter Taylor, who transformed Derby County and Nottingham Forest through their tactical appreciation, ability to motivate, flair for the unexpected and the unusual and inspired purchases.

Forest have been knocked out of the European Cup which they won two years in succession, but they are selling their disenchanted centre forward Birtles and are without the first million-pound player, the injured Francis.

Judging by their performance against WBA, whom they beat by two goals to one on Saturday in a most entertaining game, they are far from spent and next season should be back again in Europe. They probably need another two players. Wallace has not yet settled into their system and appears to have lost some confidence.

One of the problems for a manager is maintaining the faith and the dedication of his players when a slide occurs or things have gone wrong.

They are the men who provide the results on which he is judged—which can, on occasion, be unfair—if, for example, he is forced to sell and there is no money to buy replacements or time to manufacture them.

There is much to be said for a manager who, having built-up a great side, moves on to fresh pastures before it declines. But it is not uncommon for a successful manager to remain too long with one club, unless, like Liverpool, it is perpetually winning honours.

The odds are he will subconsciously lose a little of his initial enthusiasm and drive so that, following the inevitable lean spell, he either loses his job or is moved upstairs.

There is no doubt that if Clough and Taylor ever left Nottingham Forest (which, for the club's sake, one hopes they do not), they could, with the right backing, forge another brilliant team.

They are to be congratulated on making the best possible use of the talent at their disposal while relying on pure football to achieve results without descending to the purely negative or physical—a lesson to some managers.

RUGBY BY PETER ROBBINS

Redbrick finally gets a voice

AS LONG ago as 1974, the Mallaby Report indicated that there was a serious lack of representation on the RFU of higher educational establishments other than Oxford and Cambridge. Consequently, it was resolved that the redbrick universities, colleges and polytechnics should be represented on the full committee after the formation of the appropriate body.

At July's AGM, the Students' Rugby Football Union was granted full constituency status. It could be argued that such a gestation period was too lengthy but, with the problems of sheer numbers, communication was difficult and complex.

One can only welcome the formation of such a union. It is essentially a seedbed for English rugby because one of the articles stipulates that only students eligible to play for England will be chosen. This may appear chauvenistic but, given the record of the last decade (with the obvious exception of last year), that is no bad thing.

One of the problems, of course, is the attitude of clubs and Oxbridge to the release of players. For example, Huw Davies, at Cambridge, has played for England B and wanted to play against Queensland at his home club Stourbridge on Saturday. He could have partnered Peck, and both would have brought much needed class against such experienced players.

Swift, the Swansea right-wing, withdrew, which was perhaps more than imprudent, given that he is a strong candidate for the full national side.

Had the invitations emanated from Twickenham, more importance would have been attached to the fixture against Queensland which the go-ahead Stourbridge club organised and hosted so well. Queensland won 22—3, but were not as convincing as they might have been.

There can be no coercion in an amateur game and, as yet, the infant union has little credibility. That takes time and political muscle, which people like Dr. Tom Kemp, its president, Derek Morgan, Mike Titcomb and the coach John Robins will soon supply.

The game had some value. Some players showed touches of potential class and, of course, many realised the work still to be done in technique, not to mention the acquisition of experience—the one benefit of age in rugby.

Holdstock, the left wing, was one of the players to indicate promotion elsewhere with his good attacks and sound defence. Queensland were glad to have Grigg in such good defensive form against him. For the second week running, Pellow, the Cornish centre, has impressed me particularly.

The same could not be said of either Perry or Williams, the half backs. There must be some doubt about Perry's best position. Perhaps centre or wing would suit him better because he certainly has a lot of latent ability. So, too, has Jeavons, but club rugby seems to have sapped him of youthful dash.

Australia are due to make a full tour to the UK next year and Queensland should provide a major part of the team. The power, so long vested in New South Wales, has shifted to Queensland. Nine of their players were in the side that beat New Zealand 26—10 in Sydney to clinch the Test series 2—1.

One reason for Queensland's upsurge has been the regularity of their tours abroad, forging a remarkable team spirit. They have also organised coaching in all junior grades.

Both Joe Gibson, their president, and John Ryan, the manager, were quite emphatic that, although they are sponsored by 30 or so industrial companies at a dollar a point, the game in Queensland is still strictly amateur.

The players had to find almost a third of their expenses to make this trip.

Queensland had to make several changes on Saturday. The rhythm of their play was upset, partly because Handy the prop had to hook and had little rapport with his scrumhalf McIvor.

A feature of the match was the quick switching of direction by the backs, making the ball do the work. Geoff Shaw, who was kept in the side in the absence of his namesake Tony, certainly is bulky and this helps him to set up opportunities.

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Doubts about privatisation

CABLE AND WIRELESS may not be very familiar to the British electorate or even the British business community, but in many parts of Asia, Latin America, Africa and the Middle East, it is a household word. This company, at present wholly owned by the British Government, is responsible for developing, installing and managing telecommunications systems of 31 countries and provides further services in 40 others. Despite the decline of the British Empire, in which most of its initial operations were based, the company has continued to grow discreetly but rapidly to become a major force in international telecommunications.

Track record

It has built up a formidable reputation for installing and managing small and medium telephone systems and has established a successful financial track record. Over the past five years its return on capital has consistently been over 20 per cent and the British taxpayer has benefited from this success through a steadily increasing stream of dividends paid to the Treasury, in 1980 amounting to £10.5m.

However, to the present Government, the somewhat anomalous position of Cable and Wireless as a "private company" incorporated under the Companies Act, but lodged firmly in the public sector, is both an embarrassment and a temptation. For there seems, on the face of it, to be no reason why a thriving commercial enterprise, which does almost all its business overseas, has little impact on British citizens, either as an employer or as a provider of services, and is in any case subject to the regulation of other sovereign governments, should remain in the public sector. Having suffered repeated setbacks in its efforts to "privatise" several nationalised industries, the Government now sees Cable and Wireless as a prime vehicle for fulfilling its election promise to roll back the frontiers of the public sector. Just as importantly, the company's financial performance has raised hopes in the Treasury that its sale could pull in substantial sums of money and reduce the apparent size of the public sector borrowing requirement

Unfortunately the Cable and Wireless management does not share the Government's conviction that commercial enterprises have no natural place in the public sector. They claim that, far from inhibiting the company's growth, government ownership has been a major factor in its success. The reason is simply that the company's clients, who tend to be government officials and politicians, prefer to entrust the management of their telephone systems to what they see as another government institution, rather than to a purely commercial multinational company. The fate of numerous foreign-owned utilities and railroads in the Third World over the past 50 years does seem to suggest that foreign commercial ownership of vital elements of developing countries' infrastructure often proves politically unacceptable.

British Ministers, except perhaps those at the Foreign Office, may see no reason why their privatisation decisions should be constrained by the political prejudices of foreign governments, particularly when these prejudices run directly against the ideas on public ownership which the Government is trying to foster in Britain. They may also suspect that some of the anti-privatisation claims are little more than special pleading, with little basis in commercial reality. After all, most of the major contracts for installing new telephone systems all over the world are won by private multinationals dealing with sovereign governments. It will also be remembered that when Lord Glenamara was appointed chairman of Cable and Wireless, on his retirement from the Labour Cabinet, there was a good deal of comment about the commercial dangers of installing a politician to head a company whose success was said to be dependent on its independence of the British Government.

Minority

The fact remains, however, that in the business which forms the core of Cable and Wireless's operations — the management of whole telecommunications systems under long-term franchises—there is no competition from private corporations. Whether this means that no private company could conceivably conduct such a business is a moot point. But what may well clinch the Government's decision on the future of Cable and Wireless is the fact that private investors who are offered the Government's shares in the company will have to be convinced that private ownership will not jeopardise its financial prospects.

The need to convince the Stock Market, if nothing else, would suggest that the Government should proceed cautiously with any share disposals, after full consultation with Cable and Wireless clients. Initially, at least the best the Treasury could hope for is to sell a minority-stake, leaving the company under Government control.

Australian voters play it safe

AUSTRALIAN VOTERS have decided once again to endorse the Liberal/Country party coalition led by Mr. Malcolm Fraser after a lacklustre election campaign which failed to focus on the real problems and opportunities facing the country in the 1980s. The campaign livened up only when the opinion polls showed that the Labor Party, led by Mr. Bill Hayden, had a chance of winning. In the event Australians, by a small majority, opted for caution. Some feared that Labor, if elected, might have brought the country back to the sort of economic crisis and political tumult which characterised the latter months of the last Labor government led by Mr. Gough Whitlam.

Majority down

Mr. Fraser has thus won his third election in a row, albeit with a much reduced majority in the lower house and probable loss of control in the Senate where Mr. Don Chipp's Australian Democrats appear likely to hold the balance. The final distribution of seats in the new parliament will not be known until later this week. It is already clear, however, that the government coalition will have a viable working majority of around 20 seats in the 125-seat lower house. Yet in the last days of the campaign Mr. Fraser and his supporters were running scared and now the electorate has indicated that it is not happy with his aloof, autocratic style of government.

At the same time Mr. Hayden, surprised many observers both at home and abroad, by running an increasingly self-confident campaign which has undoubtedly raised his prestige both within the faction-ridden Labor Party itself and the country as a whole. He chose to fight the election as front man in a collective leadership which included the former union leader Mr. Bob Hawke and the Premier of New South Wales, Mr. Neville Wran.

Prior to the election there was a widespread belief that another Labor defeat would lead to recrimination within the Labor Party and a powerful bid by Mr. Hawke to wrest the leadership from Mr. Hayden This is now much less likely to happen. Mr. Hayden, backed up by a more numerous party in parliament, has the opportunity to show that Labor, under his continuing leadership, can be a more effective opposition and a more credible future government at the next elections.

The election result, while gratifying to the government coalition and disappointing for Labor, poses a challenge to the style of government adopted by Mr. Fraser up to now. It increases pressure on the government to ensure that the opportunities thrown up by the minerals and energy boom are both fully grasped and seen to be spread fairly among Australians of all social groups.

It would be a major error if the Government sought a temporary increase in popularity by slackening its determination to control the money supply and keep a tight rein on the sort of inflationary pressures to be expected as the resource boom develops. This is not likely to happen and foreign investors will doubtless be reassured by the Fraser victory. But they too might well take note of the strength of popular mistrust of "the multinationals" and foreign investment generally.

Difficult issues

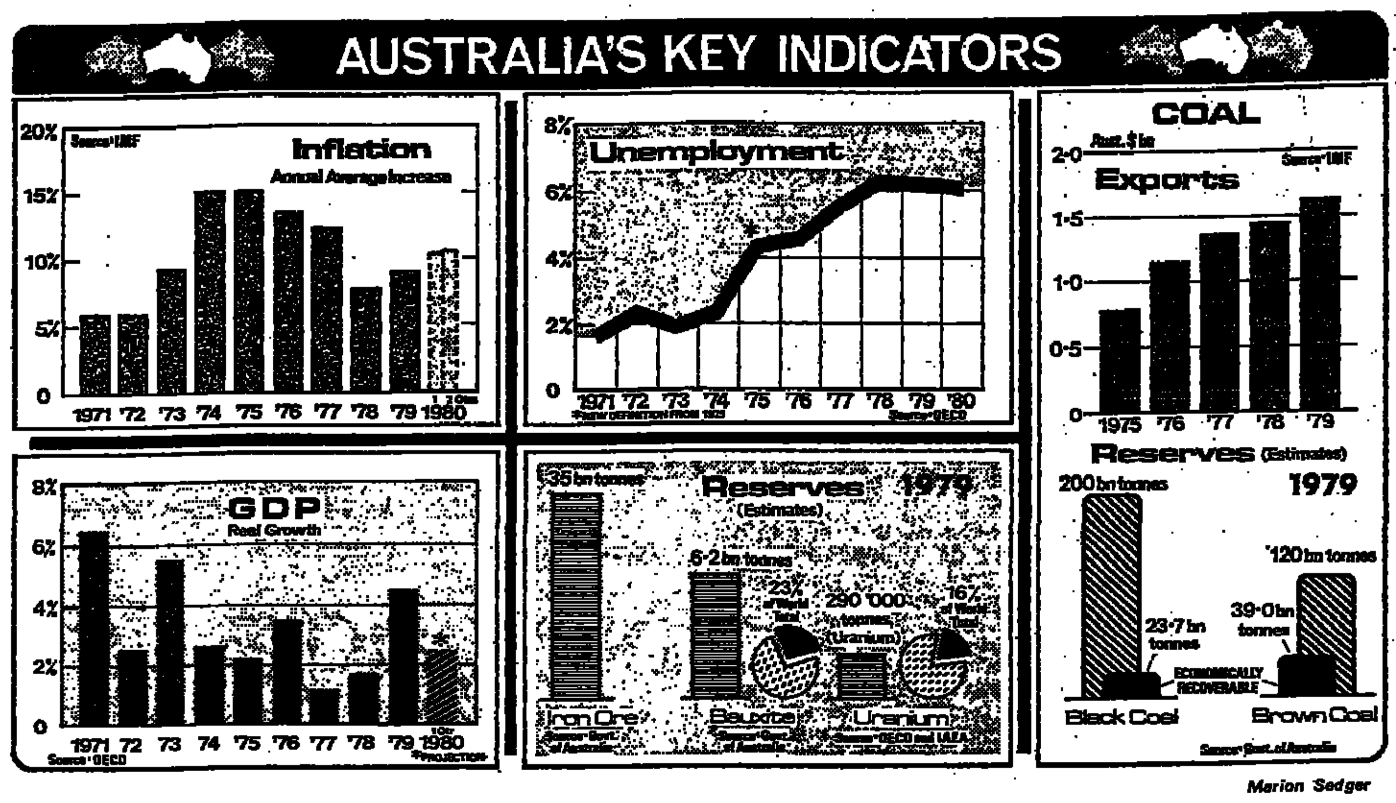
The best solution to this problem would be for implementation of the sort of capital market reforms now being studied by the Cambell commission. These are aimed at creating an institutional framework within which more of Australia's own savings could be channelled into the development of the country's rich mineral and farming resources.

Unfortunately there was little mention of such issues at the hustings and virtually no debate on the future of protectionism or Australia's role in the wider world. The Government now has to face up to the difficult choices, which neither party succeeded in placing before the people during the campaign.

AUSTRALIA AFTER THE ELECTION

Hard choices on the frontier

By David Housego in Canberra



Marion Sedger

MR. MALCOLM FRASER, Australia's Prime Minister, has come riding back to Canberra confounding the opinion polls which last week had him stumbling to defeat or, at best, wining by only a tiny margin.

But the verdict of the electorate was by no means as comforting as his overall majority of between 17 and 24 would suggest. Labor won close to half the votes cast and now has its sights firmly on defeating Mr. Fraser's Liberals in the next election in three years time.

The campaign also underlined the difficult choices that Australia faces as its new resource boom gathers pace.

The message that came through clearly, particularly in the sprawling suburbs of Melbourne and Sydney where 6m of the country's 14m people live, was that the electorate will not wear the combination of high unemployment (now 6 per cent) and the squeeze on real earnings that has left many families worse off in the midst of a boom from which they feel they have yet to benefit.

It was in the marginal seats in these two cities that Labor pitched its appeal to the middle income families and first house purchasers pinched by higher mortgage repayments, dearer petrol and higher shopping bills.

The Liberals — who have ruled for 59 of the past 79 years — have lost touch with this class. They have equally failed, as a senior Liberal senator was pointing out before the vote, to reclaim the allegiance of the urban young who turned away from them during the Vietnam War.

Both groups have a strong dislike for the authoritarian style of Mr. Fraser himself. There will be strong pressure within his party, and from a much stronger parliamentary opposition, for him to change his presidential style before the 1983 election.

The immediate concern of Mr. Fraser's new administration will be to check the inflationary pressures, reflected in the 15 per cent expansion of the money supply in the June quarter, and the result of higher levels of Government spending and private investment.

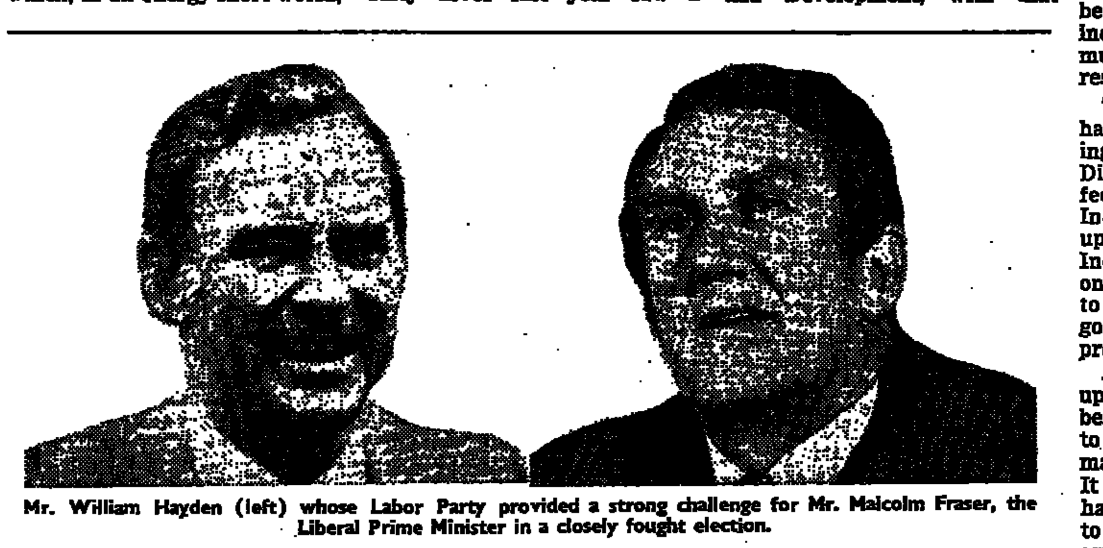
But the real question for the next few years is how much Australians want to change their life style—a shorter working week, sun-filled days on the beaches, the superb food and wine of Sydney, the opportunity for a flutter on the fruit machines or at the races, the lack of any compelling need to compete—to accommodate a resources boom.

A rash of new publications appearing recently—"Crisis in Abundance," "Australia at the Crossroads," "Poor Little Rich Country"—reflect the hand wringing that has been going on about the difficult choices before Australia and the course it is likely to take.

There is probably some truth in the unkind comment of Mr. Lee Kuan Yew, Singapore's Prime Minister—and every bit as arrogant a man as Mr. Fraser—to the Australian Premier after the recent regional Commonwealth Prime Minisers' Conference in New Delhi.

Australia could either choose to become a nation of loafers in the South Pacific, he was reported as saying, or use its mineral wealth to restructure its industry and become a force in world economic institutions. On present form, he added, Australia seemed to be opting for the former.

It is this sense of uncertainty in Australia and its lack of confidence in itself that must most bemuse the visitor from abroad. Here is a country which, in an energy-short world,



Mr. William Hayden (left) whose Labor Party provided a strong challenge for Mr. Malcolm Fraser, the Liberal Prime Minister in a closely fought election.

produces 70 per cent of its own oil requirements; which could be a dominant force in the world's coal trade until the end of the century with exports by then of 255m tonnes a year; which is superabundant in uranium and which is bringing onstream a A$5bn investment in natural gas on the North West shelf.

Meanwhile Australia has still fully to chart the richness of its mineral resources. But it ranks among the top six countries in reserves of bauxite, iron, lead, zinc, titanium, manganese, nickel, silver and asbestos.

From its isolation so far from the old industrial world, it now finds itself, part of a Pacific and (potentially) Asian community that is one of the fastest growing in the world with all the potential that this offers in terms of linking mineral development and manufacturing.

It is one of the major untapped food growing areas (whose pasture lands in New South Wales perked up yesterday morning when heavy rain broke months of disastrous drought).

For the first time since the early 1970s last year saw a sharp recovery in private investment. Government surveys of intended private investment (certainly higher than what will actually materialise) indicate that in real dollar terms private investment in manufacturing will climb higher over the next three years than it did in the previous boom in the early 1970s and represent as high a proportion of GDP.

Nor is there any shortage of foreign funds to finance development. The big mining companies and some entrepreneurs would like to grow as fast as the magnitude of these resources suggests is possible.

Yet, despite all this, the 1960s commitment to fast growth, increased immigration, full employment, low inflation and unlimited horizons has gone.

The collapse of the mining boom and several years of rising unemployment and more slowly changing living standards have dulled the excitement of the frontier. The population is ageing, with a higher proportion of people retired or close to retiring age.

The young, says Senator John Carrick, Minister for Energy and Development, with that categorical authority of an elder statesman of the Liberal Party, are conservative in the sense of doubting whether big is beautiful and of being more concerned to protect Australia's environment.

They share the country's historic antipathy to the idea that foreign multinationals will scoop up the nation's wealth, encapsulated in the slogan "Buy Back the Farm" coined by Mr. Gough Whitlam, the former Labor Prime Minister.

For industry and the powerful lobbies of graziers and cattle ranchers, another resources boom holds out the unwelcome spectre that an appreciating exchange rate will squeeze the profits of farm exports and manufacturing companies.

They experienced in the early 1970s the "Dutch" or "British" disease of an overvalued exchange rate and know that the Australian dollar is now significantly undervalued in relation to potential capital inflows or the growth of mineral exports.

Industry has already been told by Mr. John Stone, the Secretary to the Treasury, that import tariffs and quotas should be cut as a first step to the industrial restructuring that must come in the wake of resource development.

This, and similar warnings, have set the alarm bells ringing, so that recently Sir Max Dillon, President of the Confederation of Australian Industry called for the setting up of a joint Government/Industry co-ordinating body, one of whose tasks would be to see where adjustment is going to cause the most problems.

Australia's industry was built up in the 1950s and 1960s behind high protective barriers to give the country as wide a manufacturing base as possible. It never liked taking risks and has probably grown more averse to them after a decade of squeezed profit margins.

It is true that the effective tariff rate has come down over the last five years of the Fraser Administration, but it was still a hefty average 26 per cent for the manufacturing sector in 1977-78 and that average hides a 61 per cent tariff for the automobile industry and 149 per cent for textiles and footwear.

The craft-based trade union movement is even more rigid and locked into the existing industrial structure. It also operates a wage bargaining system under which the size of new demands is set by the higher paying—and generally more efficient—industries. These demands are then adopted by the rest of the manufacturing sector giving little incentive to labour mobility. The unions certainly do not want the kind of skilled immigration that would be necessary to avoid labour bottlenecks in the resource-based industries.

Whatever the hesitations, however, resource development will move ahead and on a significant scale. Foreign investors will have had a jolt at the unexpected challenge to the Liberals, but they will have been reassured at Mr. Fraser's victory.

A Department of Industry and Commerce survey recently listed some A$29bn-worth of resource-based projects either firmly committed or under study. Both the Liberals and Labor know that these must be the backbone of future growth.

Mr. Fraser is certainly more responsive to the internationalist argument that keeping Australia's resources under the ground would help precipitate a deeper recession in the world that would, in its turn, rebound on a trading nation like Australia.

But the pace of resource development will be the slow pace of what the economy can absorb and what Australian institutions will allow. There are the physical bottlenecks of shortages of labour and inadequate infrastructure—particularly of electric power—and the monetary difficulties stemming from a larger capital inflow which further expands the money supply and exacerbates inflation.

New projects will also have to run the hurdles of Australia's obsolescent industrial relations, of rivalry between the Federal and State governments, of conservationist lobbies battling to protect the environment and of a bureaucracy enmeshed in its own cats cradle of regulations. It would be surprising if annual growth in GDP was lifted much beyond 2-3 per cent a year.

Higher interest rates are seen as inevitable by the business community and are likely to be accompanied by restrictions on bank lending. Mr. Fraser may also find it difficult to prevent a rise in wage demands sparked off by the higher level of claims being put in by the mining industry. The unions are likely to press these with more force than they would have under a Labor Government, but Labor's expenditure plans were more inflationary.

The Labor Party, has fielded as good a team of leaders and fought as sharply focused a campaign as it could have ever hoped for. It has clearly set its sights on winning the 1983 election. Mr. Hayden has emerged as a leader of stature. But he may none the less face a challenge for the leadership from Mr. Bob Hawke, the powerful union leader, now installed in parliament, before then.

Whether he does or not, the Labor campaign this time made clear that it is to Middle Australia — materialistic, self absorbed and clinging to the good life — that both Labor and Liberals will have to turn if they are to be victorious in the 1983 campaign.

MEN AND MATTERS

Neddy bucks the monetarists

A defiant blow against Whitehall's prevailing monetarist dogma appears to have been struck by the National Economic Development Office.

While Margaret Thatcher has been summoning such hard-line economists as Alan Walters from his U.S. exile to bolster Government doctrine, Geoffrey Chandler, NEDO's director-general, has been recruiting among the young apostles of demand management and incomes policy.

Derek Morris, a relatively unknown 35-year-old economics fellow and tutor at Oriel College, Oxford, is to join NEDO as its economic director in March. He succeeds David Stout, who has gone to Leicester University, in a general reshuffle of Chandler's top staff.

Morris, editor-author of a couple of books on industrial economics and a visiting fellow at the Oxford Centre for Management Studies, should provide a strong reinforcement for Chandler's economic policy approach. The NEDO boss's preference for the old Healey-Varley style of industrial strategy, interventionist policies and even industrial democracy has been well documented in a series of speeches this year.

Government Ministers have joined the TUC and CBI in approving Morris's appointment. Though the National Economic Development Council — which runs the office—is at present merely a talking shop for the three parties, they rarely meet as amicably anywhere else. That may have helped to suppress any ministerial qualms.

But the Neddy office is at its most influential when Governments get around—as most of them inevitably do—to needing closer relations with both sides of industry. Some economic crystal-gazers predict that by the time Morris arrives, the mood may be changing and his type of policies may be coming back into vogue.

Geoffrey Chandler—defying the doctrine.

Chandler, meanwhile, has more recruiting to do to complete the changes which began with the arival recently of Peter Davies, the Treasury's former chief spokesman, as secretary to the council. Industrial director, Ken Fraser, will have to be replaced early next year when he returns to a marketing job at Unilever.

Progress afoot

Falling over themselves in the excitement of their discovery, our planners and policy-makers today proudly report: "walking is transport . . . and it uses no oil."

The result is that suddenly the strange minority of people who pop out of under-passes and dash dangerously over zebra crossings has assumed national importance. A Policy Studies Institute one-day conference of experts has concluded that the breed should be encouraged. Norman Fowler, Minister of Transport, has promised alliteratively if ambiguously, to publish a "Government Paper on pedestrian policy."

The conference report reveals some of the reasons for the years of neglect. Our most energetic walkers are "the more vulnerable groups in society"—unemployed, elderly, *and young wives with children.* Not only do they make less noise than other traffic, they are apparently more difficult to count. Cars can be enumerataed by machines, the conference heard. "Counting pedestrians . . . involved the recruitment of more costly and *dubiously motivated* labour (my italics).

Opposition tothe pedestrians still lingers, however, despite the official blessings now being rained on them. More walkers would increase accidents, the conference was told. And the bus services would get worse.

Imprint

Twenty years ago, Phillip Jarvis was buying books for Boot—now he is back in the market with money to buy two or three publishing companies.

While most publishers are feeling the economic pinch so badly that they are cutting both staff and authors, Jarvis returned to London from the Frankfurt Book Fair at the weekend still happily jingling the odd $1m of loose change in his pocket.

Vice-president of international operations for the U.S. Mattel toy giant's Western Publishing, he is in the enviable position of controlling some $30m of book sales a year and a pre-tax profit of more than $5m.

His Wisconsin headquarters, with ten times those resources from operations in the U.S. and Canada, has given him a simple brief—"Expand."

Jarvis tells me: "I'm looking around Britain, Germany and Spain for publishers that we can either buy or take on as partners. Western's strength is based on the mass marketing of 'activity' books for children It is that market in particular we want to develop over here."

Jarvis is keen above all to get a subsidiary established in England. "It seems a bit idiosyncratic to me to be running companies in Australia and Japan but not here," he says.

He would like, too, the satisfaction of finally carrying through the task he began with Paul Hamlyn in the 1960s of "transforming" children's book publishing in this country.

After the Hamlyn house was sold to IPC, and Hamlyn himself had departed, Jarvis stayed on as the books division chairman and chief executive. But policy differences forced him to leave in 1971.

"Paul and I made our imprint on the publishing market," Jarvis says. "But there's so much more that can be done."

Up market

From a sharp-eyed City trends spotter I learn in amazement of a commodity whose soaring price is far out-pacing that of the market in soya beans, sugar or even gold. By December, he estimates, in spite of abundant supplies, its price will have risen a staggering 335.9 per cent in two years.

The commodity in question is that essential raw material for so many City offices, not least that of the FT itself, the Government's monthly publication, Economic Trends.

In December, 1978, this 120-odd pages of vital statistics cost £1.95 a month. At the end of this year the price will be £8.50, plus another 45p if you want it delivered to your doorstep.

Some professional statistics surveyors, the Government should be warned, are becoming alarmed by the upward surge of this new indicator. It could presage yet another crisis in a publicly-owned industry.

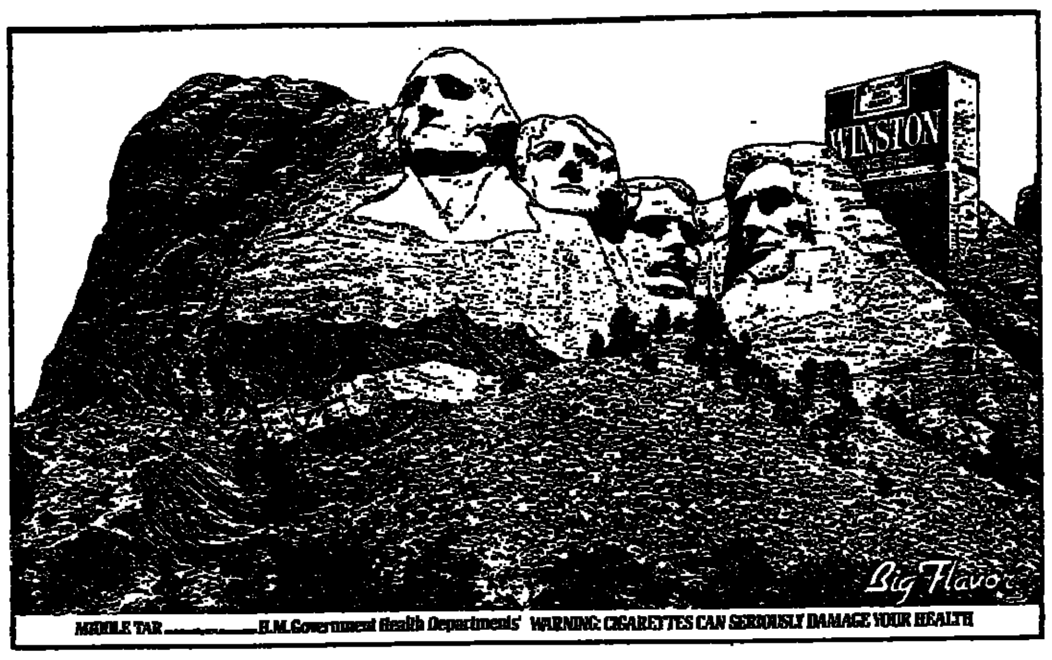
The price of the OECD's monthly, Main Economic Indicators, covering comparable figures for 24 other countries, as well as Britain, in its 170 pages, and with explanations in two languages, has remained unchanged for two years. At £2.20 (post paid) a copy, it is already far cheaper to buy our own statistics from abroad.

Observer

FINANCIAL TIMES SURVEY

Monday October 20 1980

Advertising



By the end of the decade, total world advertising billings could exceed $300bn. Growth has slowed at present, as the world recession bites, but to a lesser degree than past experience might suggest. In the view of the advertising business itself, this is because the users of advertising increasingly regard it as a necessary business investment and not simply an expense.

Holding on to market share

By Michael Thompson-Noel

IT IS HARD to put a finger on it, but it is beginning to look as though advertising—suitably described by the Interpublic Group of Companies as the information process that makes possible the production, distribution and consumption of goods and services—is not only riding the recession in some style, but is on the brink of breaking fresh ground.

Not that the recession isn't hurting. In some countries more than others, in some media and product categories, the pips are squeaking as the trade cycle grinds.

But across a swathe of advertising categories, there are reasonably firm signs that advertisers are maintaining expenditure, wherever they possibly can, so as to keep a grip on market share in readiness for when the cycle turns up—determined behaviour that is in sharp contrast to that seen in the recession of 1974-75, when budgets almost everywhere were chopped, markets abandoned and brands left to wither.

If the producers of goods and services are indeed sticking to their guns, their behaviour raises two important points: first, that advertisers may be coming to regard advertising as an investment and not a cost—as important, in its way, as research and development and new plant and technology; second, that the decade of near-unprecedented expansion in international advertising forecast for the 1980s could indeed be at hand.

Despite current stickiness in numerous markets, the view of Robert J. Coen, a senior vice-president at McCann-Erickson in New York, strikes a prophetic ring in many quarters.

In Mr. Coen's view: "A new trend in advertising growth is now clearly evident. The return to greater utilisation of advertising does not appear to be a temporary phenomenon but one similar to the extended period of consumer marketing activity that occurred following World War One."

Variations

He says that the new trend in international advertising began in 1976 and should continue over an extended period. "Modest economic variations will probably have little effect on present trends. Advertising as a percentage of Gross National Product had been declining up until a few years ago in most of the key industrial countries of the world. Now the trend is in the other direction."

This will sound far too optimistic for some, but the number of specialists who can relate the advertising undercurrent to historical business trends, let alone juggle them with the potential for international economic expansion, the development of world markets (let alone a world car), the dawning media revolution and the likely need and demand for consumer advertising messages, is not a large one.

In his report to stockholders in New York in May, Philip H. Geier, chairman of Interpublic, said that effective advertising was "never more important than it is right now." The agencies of the Interpublic Group, whose net income last year was $21.6m, are McCann-Erickson, Campbell-Ewald, The Marschalk Company and SSC and B: Lintas.

According to Mr. Geier: "For the most part, face-to-face buying and selling has all but disappeared. Simply put, advertising has become a substitute for personal selling." Most overseas markets were not yet spending as freely on advertising as the U.S., where advertising expenditure seemed to be plateauing at around 2 per cent of GNP. But expenditure outside the U.S. was growing twice as fast as inside, which explained both the enormous growth of advertising outside the U.S., and its potential for expansion.

According to McCann-Erickson's latest estimate, international advertising expenditure this year will total $108bn, an 11.5 per cent gain on 1979, which is roughly a halving of the peak growth rate of 20.7 per cent seen in 1978, when expenditures were estimated at $85.3bn.

On the other hand, it is way above the growth rates seen in 1974 and 1975 (8.1 and 6.2 per cent respectively), and less than 2 per cent below the average growth rates seen in 1976 and 1977. Much of the rise in spending is accounted for by media rate inflation and other advertising costs, but there is real growth in there, too.

No pattern

In the U.S., advertising expenditures are expected to be 11 per cent higher this year; in Japan, 9 per cent higher, and in Britain, perhaps 18 per cent higher, although on a much higher rate of general inflation than in Japan or the U.S., producing a small real fall.

There is no general pattern. In Britain (as well as in the U.S. and France) there is a slump in classified advertising as the recession bites, yet spending on packaged groceries, other non-durables, some consumer durables and on cigarettes is in many markets holding strong. (The going launch cost for a new U.S. cigarette is $50m-plus).

The reason that there is no clear pattern is that countries are at different stages of the trade cycle, and the advertising conditions vary widely, but if there is a feeling that advertising is doing better than even its apologists expected (a situation that would be transformed if the recession dragged on), there may be several general reasons:

First, the growing worldliness and sophistication of the agencies themselves, some of which are now clustered into combines. Second, more sophisticated media (and more of it). Third, concentration of power, and much tougher competition, between retailers, notably in France, Britain and America. Fourth, the battle over imports, which is common to many markets: the importers are spending freely, to establish their base, which solicits retaliatory action by domestic manufacturers.

In Britain, total advertising media expenditure in 1979, according to figures from the Advertising Association, was £2.13bn, against £1.83bn in 1978—a reasonable improvement in cash terms, particularly in a year when UK television advertising was hit by a strike and the Press sector depressed by the absence of Times Newspapers, but a gain, in real terms, of less than 1 per cent.

The latest indication is that the UK media spend this year will total approximately £2.53bn—a gain in cash terms of (say) 18.5 per cent and only a very small fall in real terms if general inflation averages 19 per cent. However, the Advertising Association says that this tiny fall in real terms follows the artificially-depressed total for 1979.

According to AA figures, the regional Press was Britain's biggest advertising medium in 1979. Aided by the TV strike, it attracted £593m in revenue, or 28 per cent of the whole — comfortably ahead of television, at £471m (22 per cent of the total) and the national Press (£347m, 16.3 per cent of the total). The other media (poster and transport, cinema and

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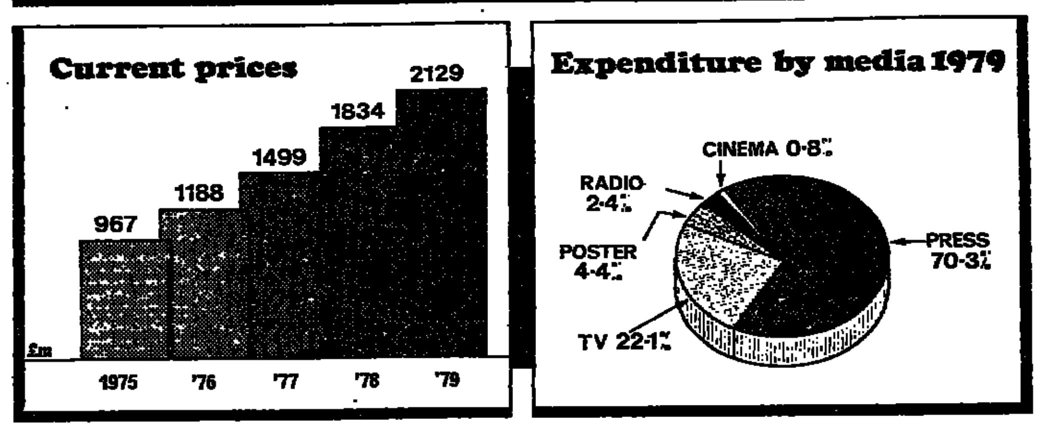
Total UK Advertising Expenditure



CONTENTS

Media: the changes to come

IN A DIVERSION in the House of Commons last December, Sir Harold Wilson, talking in a debate on the BBC licence, conducted MPs on a whistle-stop tour of the broadcasting future.

He urged his fellow-travellers not to confine their attentions to the next two years, but to consider the 1980s as a whole, when Britain and the rest of Europe would need to look beyond the present two-dimensional broadcasting world and face the shape of things to come—"foreign cultural invasion through satellites."

He was describing international television satellites, which may (or may not) be in operation over Europe by the end of the decade, but the technology for which is not only to hand but fairly passe.

It profits one little to speculate how far and how fast the technicians will travel, but it is already apparent that the astonishing vista that now comprises the new media horizon will profoundly colour, if not revolutionise, multi-national, international — even domestic —marketing and advertising.

In the U.S., where they call the new TV technologies "narrowcasting" as opposed to "broadcasting" because of much finer audience-measurability, agencies and their clients are weighing the implications of upheaval.

In the U.S., videocassette equipment is already in use in more than 1m homes, and cable television systems in place in 16m. In homes now subscribing to pay television, prime-time network ratings have dropped by 20 per cent.

In the UK, as in Europe, development is slower, but even Britain is about to witness notable developments. There are the prospects for Fourth Channel and breakfast TV, plus the impact of video recorders and disc system, Teletext and Viewdata, perhaps cable TV and (perhaps) satellite broadcasting (unlikely until the '90s).

Changes

As D'Arcy-MacManus and Masius said in a recent report: "We are at the beginning of a period which will see fundamental changes in the nature of communications media. New electronic technology will change the capabilities of the domestic television set out of all recognition, and satellite broadcasting will change the frontiers of broadcasting services."

On the other hand, the velocity of technological advancement on the media front has outstripped the pace of political progress: from now on, the speed of development will be determined by the enthusiasm (or hostility) of governments and their agencies, not by technical improvements or what advertisers want.

In a report recently published by Granada Television (Who'll Be Watching Coronation Street in 1984?), Dennis Flach, Granada's head of marketing and research, estimates that in four years' time, 20m homes in Britain could own or rent more than 1.535m Teletext units, 200,000 home computers, 1.3m cassette recorders and 250,000 disc players.

But significant changes in the pattern of advertising expenditure, at least in Europe, are likely to occur slowly. In Britain last year, Press advertising (including magazines) accounted for 70.3 per cent of media expenditure. Television held 22.1 per cent, posters 4.4 per cent, radio 2.4 per cent and cinema less than 1 per cent.

But existing media will have to adapt to the arrival of the new: advertisers and their agencies are already doing it.

Michael Thompson-Noel

Philip H. Geier, chairman of the Interpublic Group of Companies: "Simply put, advertising has become a substitute for personal selling."

The pendulum swings on advertising's role

IT SEEMS astonishing that 150 years after the birth pangs of mass market advertising, businessmen, economists, theorists and thinkers of both Right and Left are still largely ignorant of how advertising works, the extent to which it works—indeed whether much of it is necessary at all.

Most major companies in the U.S. and Europe, as well as in Britain, have over the years carried out elaborate and sophisticated experimental studies aimed at making their advertising more effective, more accountable, more predictable.

Innumerable learned tomes have been published on the subject, most notably of late by Prof. W. Duncan Reekie of Edinburgh University, and the Advertising Association. In Britain, the Institute of Practitioners in Advertising recently launched its laudable Advertising Effectiveness Awards, dedicated to the doctrine that "Advertising works—and we're going to prove it."

Yet despite all this worthy activity, somehow none of the arguments get settled. People still produce that vapid old adage about "half of advertising being wasted but nobody knows which half" (each alternate second in every television commercial, perhaps? The top half of every magazine advertisement?).

Antagonists relentlessly argue that advertising is unnecessary, that it increases prices, persuades people to buy things they cannot afford, encourages the consumption of goods that are potentially harmful (the inherent logical contradiction between the first and last of those criticisms generally passing unnoticed).

Defenders respond that advertising has been proved to reduce prices, that it increases employment, stabilises production, introduces people to many of life's comforts and benefits, extends consumers' choice and —arguably most important of all—supports free and comparatively open-minded media. The battle rages, with neither side ever convincing the opposition that it is mistaken in any way.

Buckshot

Meanwhile, in the midst of this high-fallutin' intellectual buckshot, businessmen desperately attempt to get on with the task of providing goods and services the public actually wants and is willing to buy.

Businessmen's own attitudes to advertising, however, are by no means unequivocally approving. Indeed, the last three decades have witnessed a complete swing of the pendulum of businessmen's views. During the 1950s and early 1960s, as sales of consumer goods flourished throughout the Western world, and the coverage and influence of television expanded simultaneously, the reputation of advertising's power grew too.

Undoubtedly this image was fostered by the admen and market researchers themselves. It was the era of razmatazz detergent launches, seemingly all - penetrating motivation research, of the manipulative use of media by politicians and PR men, and of Vance Packard's book The Hidden Persuaders.

Businessmen were swept along in the strong tide of advertising's confidence. The percentage of the GNP devoted to advertising in the UK, U.S. and other Western countries grew significantly, and almost inevitably the admen's overwhelming overclaims provoked a reaction.

Spectators on the sidelines started to fear that true liberty was being eroded as advertisers made consumers dance to their commercial tunes, with the result that Messrs. Galbraith, Nader and the rest took the admen's claims at face value and believed their boasts.

Thus the late 1960s and 1970s saw populists and politicians attempting to fetter what they feared was the all-pervading power of advertising. It was the era of consumerism and controls, of investigative interference and Mr. Hattersley and Which? It was also of course—and by no means unconnectedly —an era of high new product failure rates and inexorably diminishing returns on capital.

Businessmen, as research studies both in the U.S. and UK underlined, lost some of their faith in advertising. The percentage of GNP devoted to advertising dwindled. The number of people employed in British advertising agencies dropped by move than one-third. From having been the buoyant, booming, bustling business of the 1960s, advertising became almost a depressed and declining industry.

Paradoxically, our current economic woes may have pulled the pendulum back from the peak of its swing. Businessmen — together with economists, politicians, and even perhaps the consumerists and the bureaucrats — are being shaken into remembering that if goods are to be bought they must be sold: that if people are to be employed productively, customers must be willing to pay for their produce; that advertising is the best way known to encourage some people to buy goods that other people wish to be paid for making.

At the Advertising Association's bi-annual conference in Brighton two years ago, when hostilities with the then Labour Government were at their zenith, the industry itself launched a PR drive to proclaim that "properly planned advertising contributes to the most efficient use of resources, productivity and profit. Profit equals investment, equals jobs, equals a better future. Let us be proud of advertising's contribution to future prosperity."

Realities

Like most such publicity enterprises, the campaign seems somehow to have sunk without trace, although fortunately, today's industrial realities may succeed where the Advertising Association's PR failed.

At the same conference, Dr. Helmut Sihler of Germany's Henkel Corporation — the white tornado of European detergent marketing — admitted that his company has given up all hope of predicting the results of advertising via mathematical models. "It is a dream to which we must say not merely auf wiedersehn, but goodbye."

The best that Henkel's forecasters can achieve, with the aid of a paltry 105m bits of sales data fed into their computers annually, is a pragmatic guestimate of future trends—dependant as much upon the vagaries of the economic climate and upon competitors' unpredictable promotional tactics as upon their own planned strategies.

Maybe, as the pendulum starts to swing more favourably towards advertising once again, the oscillations will be less violent and the limits of advertising's strengths (and weakness) will be better understood, both by businessmen and the public.

For 150 years, optimists have hoped—and pessimists have feared—that the results of advertising could be precisely forecast. Yet advertising is not, and never will be, a predictive science like physics. In truth it is much more like medicine. It cannot breathe life into dead products; it cannot work miracles; it often goes wrong; but used carefully, skilfully and wisely, it can greatly enhance societies' economic health and wellbeing.

Winston Fletcher

Managing director of Fletcher Shelton Delaney.

Market share

CONTINUED FROM PREVIOUS PAGE

radio) all showed substantial gains, partly strike-induced but, particularly in the case of radio, the result of fuller service.

At present, television and radio advertising are showing markedly reduced growth as a result of the recession (the first half, however, was particularly strong), while in the second quarter, the latest for which figures are available, the AA says there was "no question but that all categories of Press advertising were affected."

According to forecasts, the total UK Press category was expected to show a revenue gain in the second quarter of 14 per cent. In fact, it looks as though the increase was only two-thirds that. "The recession is hitting classified hard," says the association, "and the total picture for 1981 is indeed rather worse.

Nevertheless, the advertising business has been cautioned this year about not mistaking a victory for a rout.

The potential for growth is clear. According to Mr. Coen: "By the end of the 1980s, the U.S. advertising total is expected to reach $135bn. While the outlook for U.S. advertising in the 1980s is good indeed, the potential for growth in many other countries is even better."

INTERNATIONAL ADVERTISING EXPENDITURES

	$ billion	% increase on previous year
1972	41.7	
1973	47.9	(14.9)
1974	51.8	(8.1)
1975	55.0	(6.2)
1976	62.5	(13.6)
1977	70.7	(13.1)
1978	85.3	(20.7)
1979	96.8	(13.5)
1980*	108.0	(11.5)

*Estimated Source: McCann Ericson.

At a more immediately practical level, Jeremy Bullmore, chairman of J. Walter Thompson in London, says he is indeed convinced that manufacturers and the service industries are increasingly coming to recognise advertising as an investment.

"The amazing thing that comes to those who advertise is not that they sell more, which they may, not that they sell the same at a higher price, which they may, but that they enjoy a much more direct connection with the only people who matter, which is you and I and 55m others.

"Can you think of any other activity which does more good for less cost to the user than this curious activity of advertising?"

ADVERTISING III

Mixed fortunes as Fleet Street contemplates its problems

THE ALLURES of self-flagellation are strong among newspapermen. The obituary of Fleet Street has been written and rewritten: its decline gloomily confirmed in print and over many a pint; its capacity for suicide accepted as a self-evident truth.

No industry which is under such clear and present pressure from electronic media, which has been so tardy at modernising, which possesses such volatile industrial relations; a history of extravagant, eccentric or indifferent management and which has seen net aggregate sales and numbers of titles drop, can afford complacency.

Before expanding on these and other problems, however, it is necessary to remind ourselves of several factors.

- With the (very recent) exception of The Times, the "quality end" of the national newspaper market has been expanding steadily in numbers of copies sold.
- The Sun, until recently, was growing strongly; a new tabloid, the Daily Star (from the Express Group stable) has quickly taken a circulation of about 1m.
- Most national papers are now seriously planning investment in computerised systems, or have already invested (Daily Mirror Group, Times Newspapers, The Observer). Two groups, The Daily Telegraph and News International, are moving to new plants in Dockland.
- Print union fragmentation—held by some to be the root cause of Fleet Street's industrial problems — is being addressed once more by the unions. Merger talks are going on between the two craft unions —the National Graphical Association and the Society of Lithographic Artists and Designers—and between the two general unions, the Society of Graphical and Allied Trades and the National Society of Operative Printers, Graphical and Media Personnel. Mergers have failed before: that very fact, and the height of today's stakes, increase the chances of success this time (though by no means ensure it).

But what about the still-falling circulations—as on the Daily Express, the News of the World? What of the abortive attempt by Times Newspapers to bring in computerised typesetting on its own terms at a cost of £35m—for nothing achieved?

What of those newspapers (like this one) where Victorian technology still reigns, where chapels proliferate (all) and where spiralling costs have meant a cutback, especially in foreign staff (all, apart from *this one*)? What of the increasingly obvious weakness of the industry's federation, the Newspaper Publishers' Association?

Judgments on the health and future of our national newspapers written in such a newspaper are unlikely to be wholly free of bias or wishful thinking. The following is one view among many others.

Poignant

The most obviously oppressing issue for Fleet Street, now as ever, is that of which title is most likely to fold. The question has been given added poignancy in the past month by the fact that one famous Fleet Street title—though not a national newspaper—is about to close, with the loss of nearly 1,800 jobs.

The Evening News, the 99-year-old evening paper which has passed much of its life in the hands of Associated Newspapers, will close by the beginning of next month. The paper had been under threat of closure for some time—the Saturday edition went last year and an experiment with "district editions" was not a success, while the launch of an occasional colour magazine did not reverse the trend of falling circulation.

Discussions between the Express Group and Associated Newspapers on a merger of their two evening papers had been going on for some years, but took on a new urgency when Mr. Victor (now Lord) Matthews took over chairmanship of the Express Group as the company of which he is deputy chairman —Trafalgar—bought out the group (Ironically, the last serious discussions on merger were conducted under the assumption that the News would be the dominant partner; Lord Matthews and the relatively greater loss-making capacity of the Evening News, have reversed the position).

However, the mind-concentrating element was provided by the slump in classified (and to a lesser extent display) advertising, which hit the London evenings — over-dependance on classifieds because of falling circulation—particularly hard. Job advertising, a premium commodity and one which had been booming in London's buoyant employment market, dived as the recession tightened and unemployment climbed. The two newspapers stared into the future and saw combined losses of about £15m (£10m of which was due to the News) in the present year.

Stand together or fall apart, seemed the obvious logic for the newspapers' management, though the logic was less obvious to the Evening News' workers, who will suffer all the redundancies.

The reduction of London to a one-paper town—long heralded but shocking in its coming—shone a harsh glare on the position of the evenings' Fleet Street colleagues. Which would be the next to go?

Naturally enough, attention has focused on the News' and Standards' stablemates, the Daily Mail and Daily Express. The circulation of the first is largely static: that of the second, though still higher than the Mail's, is still falling.

Both papers attack roughly the same section of the market, both are now tabloid, both lose money (probably — the Daily Mail's finances are kept highly secret).

Since the two formerly antagonistic parent groups have moved together to own 50 per cent each of the new, soon to be launched, Evening Standard, why then—the argument runs—should the same sweet amity prevail in the publication of a composite Express/Mail?

This apparently logical extrapolation from the present is indignantly rejected by both groups who claim that co-operation in the evening is quite compatible with enmity in the morning. Besides (they both say), Associated Newspapers has plans to launch a Sunday newspaper which could be expected to take sales away from the still-profitable Sunday Express — so where does the co-operation lie?

It is unlikely that the Express and Mail will merge in the near future; both groups still see possible profit ahead, and the News/Standard merger is enough to chew on for some time to come. It is the Express Group's Daily Star which is more at risk.

The Manchester-based Star, begun as a Sun-style tabloid 18 months ago, now sells about 1m copies and probably loses about £6m a year. Its printing operation in London, which is extremely expensive, is now under threat of closure by Lord Matthews if its staff cannot agree to £2.5m-worth of savings before early November.

The Star, which unlike Lord Matthews' other papers has been allowed to take a pro-Labour position, faces a difficult period in the immediate future if it is to stabilise itself.

The two major tabloids—the Daily Mirror and the Sun—appear to have achieved stability in circulation at between 3.5m and 4m. The circulation war between them has somewhat died away with the Mirror taking, it would seem, a decision not to follow the Sun in everything (it has dropped the obligatory daily nude) and has become marginally more radical.

Bounce

In the Sunday market, the "quality" end has benefited considerably from The Times dispute last year. The Observer, and to a lesser extent the Sunday Telegraph, have been able to retain substantial amounts of the circulation they gained during the Sunday Times strike while the Sunday Times itself has bounced back, with most of its circulation intact.

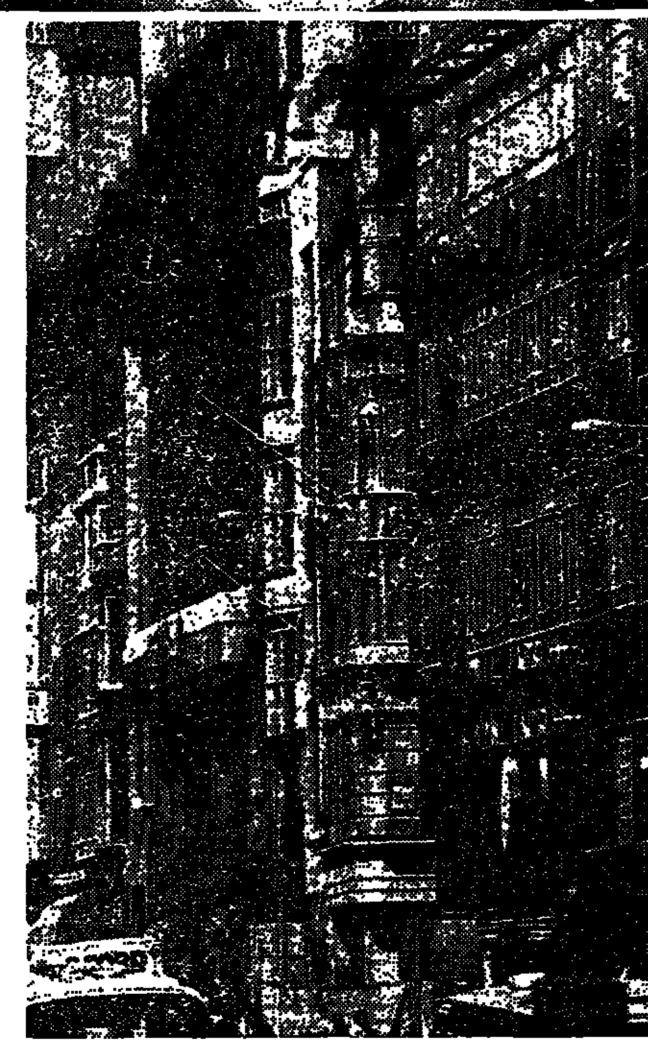
The popular papers, especially the News of the World, are showing some erosion of circulation with no sign yet of a lift-up. However, there seems to be no candidates for the Fleet Street knackers yard among either group now that The Observer appears to have convinced its U.S. owner, Atlantic Richfield, that it has signed a reasonable deal with its printers.

So the dangers Fleet Street faces are less from the immediate loss of titles, more from a sudden shift of taste away from newspapers to the electronic media. So far, this much-heralded shift has not been dramatically obvious (though it clearly exists as an effect) even in the U.S.

Indeed, as Mr. Anthony Smith has shown in a BBC TV programme, U.S. newspapers have used computer systems throughout their printing, distribution and advertising depts to increase sales and revenues.

It is clearly theoretically feasible to have many of the services provided by a newspaper now offered in electronic form; but the latter medium does not yet match the convenience or the heterogenity of the older one, and is unlikely to do so in the coming decade.

John Lloyd



Above: the night The Times printed again after its long dispute over the introduction of computerised typesetting. Most national newspapers are seriously planning such investment but Fleet Street's volatile industrial relations have made such proposals difficult to implement. The Daily Express (right) and the Daily Mail are unlikely to merge in the near future, even though the Evening News and Standard are to combine

QUALITY NEWSPAPER CIRCULATION LEVELS

	Jan.-June, 79	Jan.-June, '80	% change
DAILIES			
Daily Telegraph	1,476,887	1,445,833	− 2.1
Financial Times	206,360	197,698	− 4.2
Guardian	379,429	375,179	− 1.1
The Times	—	315,724	—
SUNDAYS			
Observer	1,124,018	1,017,631	− 9.5
Sunday Times	—	1,418,516	—
Sunday Telegraph	1,278,894	1,031,811	−19.4

POPULAR NEWSPAPER CIRCULATION LEVELS

	Jan.-June, 79	Jan.-June, '80	% change
DAILIES			
Daily Express	2,405,609	2,325,099	− 3.4
Daily Mail	1,943,793	1,984,804	+ 2.1
Daily Mirror	3,623,039	3,650,636	+ 0.7
Daily Star	937,866	1,033,168	+10.2
Sun	3,793,007	3,837,215	+ 1.2
SUNDAYS			
News of the World	4,708,575	4,472,283	− 5.0
Sunday Mirror	3,888,631	3,856,267	− 0.8
Sunday People	3,930,849	3,899,802	− 0.8
Sunday Express	3,257,728	3,100,338	− 4.8

Source: ABC.

Magazine sales dip but new women's weekly mooted

THE MOST exciting new development in the British magazine business is one which has not yet taken place. That is the possible launch within the next year of a mass-circulation women's weekly to compete with the established titles of IPC and D. C. Thomson.

The market is not at first sight an obviously tempting one. The circulations of all four IPC weeklies — Woman's Weekly, Woman's Own, Woman and Woman's Realm—have slipped slightly (in aggregate they were down by 160,000 in the first six months of 1980 compared with the corresponding period of 1979) and like many other media they are having to fight for advertising.

Nevertheless, Rupert Murdoch's News International is looking into the possibility of publishing a new weekly which would help to keep its Eric Bemrose printing subsidiary busy after Bemrose loses its biggest contract, TV Times, next July. An alternative also being actively considered by the company is that of persuading another publisher to take the plunge instead.

Forceful

Feeding a printing plant is not the best reason for starting a paper, but that observation does not of itself prove that there would be no market for it. Whether or not there would be is a matter for argument, and on both sides the arguments are fairly forceful.

Edward Court, chairman of IPC Magazines, declares that "if we thought there was room for another weekly we would have done it ourselves." And Basil Spice, J. Walter Thompson's deputy media director and Press specialist, agrees that the advertising, as well as circulation, prospects for such a magazine would be dim.

On the other hand, Joan Barrell, publisher of National Magazine's successful monthly, Company, and a woman with a pretty good track record in the field, believes that the time is ripe for a new weekly with a somewhat sharper readership profile than some of the existing ones.

She thinks that, by trying to be too many things to too many readers, Woman and Woman's Own have made themselves vulnerable to attack on either the upmarket or the downmarket side. And her view is supported by Mike Yershon, former vice-chairman of Leo Burnett, now running his own media management consultancy.

Yershon's view is that in the past 10 years the successful magazines have been, with the single exceptions of the two giant-circulation TV programme journals, those which have carved out for themselves a more or less specialised readership segment. Examples are Company itself and its big sister Cosmopolitan, as well as other upmarket women's monthlies like Condé Nast's Vogue, IPC's Woman's Journal and Natmag's Harper's and Queen. The latter's current issue has nearly 400 ad-packed pages.

A new weekly with a fresh editorial formula and aimed specifically at younger readers might he thinks, have a good chance of taking market share from the IPC biggies.

Younger women are, indeed, the very ones that News International is hoping it may be able to woo. In looking for editorial inspiration its management has almost certainly paid some attention to the recent success of the American women's monthly Self.

Started last year, this has shot up to a circulation of nearly 1m with an editorial formula which concentrates on advising women on how to improve themselves both physically and mentally. Self is owned by Conde Nast, but there are at present no plans to launch a UK edition.

The reason, incidentally, why Bemrose is losing the TV Times contract, thus touching off this train of speculation, is that News International felt unable to make the investment in new plant which would have been necessary to meet the programme journal's new requirements.

Instead, TV Times will be produced after next summer by a total of eight printing and typesetting firms which together will invest £20m in capital equipment.

The changes, caused in part by the need to find space to print details of future Fourth Channel programmes, will result in maximum paging of 148 instead of the present limit of 96. The magazine section will all be printed gravure at the Sun plant in Watford, while the 13 regional programme sections will be printed offset at three different centres.

Probability

Another result will be improved facilities for advertisers, with the probability of being able to buy colour region by region.

The second most exciting new magazine development is one which took place a year ago and which, in a curious way, many advertisers and agencies have already stopped thinking of as either exciting or new. I refer to Now!

Discussion of Now! tends to be obscured by feelings for or against the personality of its flamboyant proprietor, Sir James Goldsmith. Putting all such passions aside, one can say that the magazine has established itself with a fair degree of success, both editorial and commercial, but that its success is still unfortunately overshadowed by the extravagance of the claims with which it was launched.

Advertisers became quickly disenchanted because, apart from the first few issues, the magazine failed by a long way to reach its guaranteed circulation of 250,000, although ad money was faithfully rebated. Mail order advertisers who tried Now! reported that it did not seem to pull. Also held against it is the fact that, at £2,500 per colour page, its cost-per-thousand-readers is nearly twice as much as the Sunday Times Magazine.

On the other hand it must be said that for a general illustrated news magazine to achieve a circulation of 135,000 (its January-June 1980 ABC figure) at a cover price of 50p (soon to be increased) is no mean achievement. Especially so when one remembers that two years ago conventional wisdom had it that there was no market for such a publication in this country.

Advertising is running at about 30 per cent of paging, much of it from car manufacturers. On the ad front Now! also has one thing in particular going for it.

That is that it is one of the few media, apart from the flourishing hobby magazines and the declining glossy girlies, to deliver a predominantly male ABC 1 audience, more than half of it under the age of 45.

On the editorial side Now! is competent and readable and has achieved some small coups such as its recent telephone opinion survey of Russians. But (and here judgment is necessarily personal) it has done less to put itself on anyone's required reading list than has the reinvigorated New Statesman with only a fraction of its resources.

Mike Yershon, applying his aforementioned criterion for magazine success, believes that Now! could do much better if it took a more specialised position, specifically as a business interest magazine. Otherwise its enormous promotional costs (£3½m from the launch up to the end of the present fiscal year) risk never being amortised.

Meanwhile, lower down the financial scale there is, as ever, plenty of activity in the magazine world despite the recession. Next month will see the birth of an independent pop music monthly, Flexipop, featuring a give-away 45rpm with every issue, and of another Paul Raymond girlie, Escort, offering a 10p bonus per launch issue to newsagents.

IPC has just launched Western Magazine, a fact-and-fiction monthly aimed at a vast audience catered for until now only by paperbacks.

More importantly, perhaps, IPC is currently giving a £1.25m TV advertising push to those supposedly vulnerable women's weeklies. And circulation director Pat Barnes is also experimenting with a new scheme to expand magazine sales by selling gift tokens exchangeable at newsagents for subscriptions to a selection of IPC titles.

Comag, the distribution company jointly owned by Condé Nast and National Magazine Company, is conducting an experiment of its own. It has persuaded 55 shops throughout the country to keep a selection of magazine titles, including Cosmopolitan, on permanent display to see what effect that has on sales.

The exercise follows a research finding that a third of newsagents selling Cosmo ran out of stock within a week and did not reorder even though there might still have been unsatisfied demand for the monthly.

Phil Harris, who runs Comag, is convinced that longer display and if possible, more retail outlets (groceries, supermarkets?) are the keys to increased magazine sales. Pat Barnes is sceptical about the extent to which either can be achieved. Although IPC's own tests have proved that better display does sell more copies, limited space makes retailers in normal circumstances unwilling to hang on to stocks of any title for too long.

As for another Comag suggestion — that publishers should co-operate in a monthly retail audit, exchanging information about each other's sales — IPC just does not want to know.

Philip Kleinman

Sir James Goldsmith, publisher of Now! displays a copy of the magazine at the launch accompanied by Anthony Shrimsley, his Editor-in-Chief. Advertisers have been disappointed because Now! has fallen well short of its guaranteed circulation of 250,000 and the question is whether it should specialise to attract more readers

Television retains its popular hold

TO TUNE IN TO a commercial break on ITV these days is to be bedazzled and diverted by a flow of goods and services that tumble from the screen like a veritable harvest home.

In three consecutive commercial breaks, one night last week, my living room was so carpeted with visual offerings that it resembled a bazaar. There were commercials for American Express and Outspan, Tesco and The Sun, Zanussi, British Airways, Paxo and Ford's new Escort.

The commercials varied in attractiveness, but with television's inimitable impact, the small screen in the corner continued to spill the goods: Sainsbury's and National Savings, the Esso Tiger and the Lion Bar, Hamlet and Hoffmeister, Croft Original and Everest Double Glazing.

ITV is 25 years old, and one of the most significant features in its quarter of a century's growth is this broadening and maturing of its advertiser base. In its earliest days, when all but the bravest advertisers stayed away from the medium and the money of the contractors rushed away with a frightening roar, the goods advertised on television formed an austerity list indeed: soap, petrol, patent foods, beer, tinned and packet soup, butter, margarine, newspapers and tobacco.

Consumables

But not any more. Comparing 1975 with 1979, a period in which total net television advertising revenue rose from £177m to £347m, we find the medium's former reliance on packaged goods advertising to be much less marked. In that period, the share of total revenue accounted for by consumables (a category that includes packaged foods and drink) showed a decline from 61.9 per cent to 54.1 per cent.

Durables, on the other hand, showed a rise from 15.8 per cent to 20.9 per cent, and there were gains, over the five-year period, in the financial and Government categories, as well as in the advertising of services. (Retail, at 7.8 per cent, was virtually holding its own.)

Harold Lind, formerly of the Advertising Association and now of AGB, says this broadening of the product categories to be found on ITV is one of two major factors that have not only sustained advertisers' faith in the medium over the past few years, but have positively reinforced it, so that at present, recession or no, the advertising business, and particularly television, is doing very well.

The other factor, says Mr. Lind, is what he calls fashion. "Just as it was fashionable in the early 1970s for advertisers to doubt the value of their television expenditures, there is now a growing body evidence that the fashion has changed, and (that) the advantages of television advertising are

CONTINUED ON NEXT PAGE

Regional Press faces the recession

THE ANNOUNCED closure, early next month, of the London Evening News and its "merger" into a revamped London Evening Standard is an index, ironically, of the problems hitting the provincial Press.

The irony is that the London evening papers are commonly regarded as part of Fleet Street, and indeed share many of the same characteristics and problems. Both are owned by groups — Associated Newspapers (Evenings News) and Express Group (Evening Standard) which also control national dailies. Yet the immediate cause of their crisis, which precipitated the merger, is shared with their provincial brethren.

The most obvious and most important element in common between the two is their reliance for revenue on classified advertising. The recession has hit classifieds, particularly the job columns, hard. And while the News and the Standard had extra problems—chief among them being each other—which underlay the short-term crisis, is was a sharp dip in the classifieds section which, as Lord Matthews, chairman of the Express Group, said, caused minds to concentrate on the merger as a solution.

The regional Press is big business—bigger than the national Press. It publishes 20m copies of newspapers every day, one and half times the aggregate circulation of Fleet Street. More important in revenue terms, the 19 provincial morning papers, 80 evenings and six Sunday papers form the largest single advertising medium in the country.

Last year, the regional Press accounted for 27.9 per cent of total UK advertising revenue, compared *(surprisingly for most)* with 22.1 per cent for television and only 16.3 per cent for national newspapers. The remainder is accounted for by magazines, commercial radio, hoardings and so on.

This large slice of the cake, even when spread among the multitude of weekly, bi-weekly and daily/evening/Sunday titles, has meant that provincials are profitable enterprises. Most still are: but for the moment, not as much as they have been.

Competition

Because all of the major papers are local monopolies, they have avoided the vastly expensive circulation wars and distribution battles which are a feature of the national Press and, until next month, of the London evening markets. However, this monopoly position is not a total protection. Too frequent, or too high, cover price rises run the risk of losing *readers to other media*, while a cut back on the number of pages could have the same effect.

Local papers in many parts of the country have seen the competition which lively local radio and television stations can provide, and cannot give them too many hostages of quality or price.

Most provincials—unlike the majority of national papers—now use computerised setting procedures. However, the strength of the print unions has meant that only one—the Nottingham News—was able to reduce printing staff substantially by transferring composing to journalists and clerical staff. In addition, the systems represented hefty capital investments.

Distribution as well as labour costs have risen sharply—in part because of the high cost of fuel—though newsprint costs have temporarily stabilised. This welcome relief in one of the traditionally squeezed areas of *newspaper production may not* last much longer, however; foreign producers, which have virtually destroyed the UK newsprint industry, may soon be forced to raise their prices, while a fall in the value of the pound would start prices spiralling once more.

Further, the growing popularity—or at least pervasiveness—of free sheets (advertising supplements with some copy) are claiming casualties in the provincials' circulations, and more seriously, are weaning away advertising revenue. Free sheets, noted one provincial newspaper executive sourly, seem to spring up more luxuriantly in recessions, as U.S. experience shows.

But *it is* the advertising slump which is causing most concern: few believe that it will be the cause of major closures, but most groups are resigned to a hard slog for a year or two before the market picks up and lucrative trading begins once more.

Job advertising is worst-hit, of course. The 2m unemployed find the situations vacant columns have shrunk as the dole queues have lengthened. In the case of the Standard and the News, the once-fat columns, reflecting the once-buoyant London job scene, have been reduced by more than 50 per cent. In the provinces, especially in Wales, the North and Scotland, the market was never so lively and thus has shrunk less—but an estimate from most groups is that sits. vac. are about 30 to 40 per cent down.

The added twist to that screw is that advertisers for labour pay a premium on their advertising—and thus the proportion of revenue lost is higher than the lost volume.

In other classified sections the drop has been less dramatic—indeed some groups say that sections such as property, *motors, even buy and sell, have* held up or are even growing slightly — though most expect a drop in all sections to be evident by the end of the year Overall, classified advertising probably has dropped by around 20 per cent, enough to wound if not to kill.

Cheerful

Display ads are important to the regionals, too; these have suffered less. The estimates vary, with some more cheerful souls saying that they are scarcely affected (yet), others mentioning drops of 10 to 15 per cent. Most point to the relative buoyancy being achieved here as retailers attempt to destock, and fear a cutback soon.

This moderately bleak picture has one real black spot: the Liverpool Daily Post and Echo group, one of the country's longest-established provincial papers, is now clearly in trouble. *Profits came down in the first* half of this year from £1.89m to £610;000, while turnover for the group fell from £30.2m in the first six months of 1979, to £24.3m.

Towards the end of last month the paper said that closure would be inevitable unless "substantial" savings were achieved, including a 20 per cent cut in manning levels across the board.

Inevitably, the largest problem was the drop in advertising.

Among the major groups—United, Thomson Regional, Westminster Press, East Midlands Allied Press, Associated Newspapers and the Guardian and Evening News group—there is a rough consensus that the recession is hurting, but not mortally. None has plans to close major titles — though smaller weekly papers may go more quickly than they might otherwise have done—and all see *a return to* large profits after the recession.

John Lloyd

Television

CONTINUED FROM PREVIOUS PAGE

becoming more widely recognised."

There are two reasons for this, he says—both strong but one more susceptible to evidence than the other. The one where the evidence is clearest concerns the revolution in grocery retailing that dates from Tesco's Checkout campaign in 1977, in which the strategy was to advertise price cuts on nationally recognised (i.e. heavily-advertised) brands.

"Under these circumstances," says Mr. Lind, "the retailer pressures which in the early 1970s were strongly against media advertising are now likely to be working in the opposite direction. And even at the cost of considerable commercial hardship, advertisers are likely to try very much harder than they did five years ago to maintain their brand franchises."

The second reason for the change of attitude in television's favour, though one where evidence is more subjective, is the feeling, among many leading advertisers, that the drastic budget cuts of the 1974-75 recession were so excessive as to have permanently weakened some of their major brands *vis a vis* those of their competitors who cut advertising support less viciously.

"When that feeling penetrates as far as a company chairman," says Mr. Lind, "the pressure to slash advertising budgets in bad times is, to say the least, markedly reduced."

Whatever the reasons, there can be *very little doubt* that television is at present as popular with advertisers as at almost any point in its 25 years. Indeed, research by D'Arcy-MacManus and Masius into the effect on sales of last autumn's 11-week ITV strike has unearthed more than one clue to the medium's modern-day selling power, for Masius put 96 brands in 26 product fields under the microscope.

Jingles

Overall, it found that the 96 brands suffered an average net volume sales loss during the period of the strike of 4.5 per cent, and an average net loss in brand share of 2.4 per cent.

According *to Chris Horsley*, media director of Ted Bates, an agency born within a fortnight of ITV, it is now impossible to conceive of an advertising industry without television.

"It has changed all our lives," he says. "*It has probably* created more jobs than either of the existing Conservative or *Labour parties, it has created* brands, and even, with its jingles, created folklore" — a compliment that is perhaps a little excited, but one that is mirrored in the current revenue picture on ITV.

At Young & Rubicam, media director Michael Townsin says that gross TV revenue last year (including agency commission of 15 per cent) was £408m.

If the strike had not occurred, he says, the estimated total last year would have been around £502.5m. According to Y&R's latest forecast, gross TV revenue this month will be of the order of £59m, in November, £61.6m, and in December, £55m, for a 1980 total estimated at £617.1m — a golden haul indeed.

"At present," he says. "demand is soft at the edges. Advertisers are cautious about committing funds, but slackness in areas like packaged goods and food is being compensated for by categories such as cars, *retail, building societies, and* financial, which appear to be holding their own.

"The percentage gains in gross revenue we anticipate for the last three months of 1980 (10 per cent, 10 per cent, and 8 per cent *respectively*) are lower than those seen in recent years, but all things considered, *demand for air time is* surprisingly strong."

Upheaval

More than any other medium, television is about to embark *upon an era of* upheaval. In the short term, the contractors will learn whether their franchises are to be renewed. After that *there* is the prospect of breakfast TV and Channel Four. And after *them* will come the dawning of a period of even faster change — a period that will see fundamental changes in the nature of communications media.

According to Masius: "New electronic technology will change the capabilities of the domestic television set out of all recognition, and satellite broadcasting will change the frontiers of broadcasting services."

At Foote Cone and Belding, media director Simon Lloyd reckons that by the late 1980s there may be as many as ten TV channels available in most of Britain.

"We do not expect that ITV-2, as currently envisaged, will significantly increase total viewing," he says. "But the development of cable, pay and direct satellite broadcasting will all help increase viewership.

"In our view, more television *does* mean better television—more viewing in total, more channels, greater selectivity of audience for the advertiser, and *commercial competition to* ensure efficiency."

In a review published earlier this year, Vickers da Costa forecast a profits lift-off for ITV by around the end of 1983. Current dividends from the ITV companies should at least be maintained until around 1983-84, "when considerably improved payouts should be possible."

In terms of profits, da Costa made a series of forecasts for the first half of the 1980s which demonstrate how in its view the start-up and running costs of Channel Four will be absorbed.

According to its estimates, the combined pre-tax profits of all ITV companies (after payment of Exchequer levy) could total £45m next year, £33m in each of the next two years, £61m in 1984 and £79m in 1985.

"A television franchise is a good cash flow producer," it said, "and this, allied to diversification already made . . . could help to bridge the gap between now and the profits take-off in 1983-84."

Left to right: London Weekend Television's programme director, Michael Grade, sports presenter Brian Moore, and LWT's controller of sport, John Bromley, at the signing of a contract with the Football League. Sport remains a formidable weapon in the ratings war between ITV and BBC. ITV ratings plummeted last spring but an increase in audiences coupled with a slowing in ITV's rate of revenue growth is bringing some stability to advertisers' costs

Whether or not that prediction proves accurate, it is clear that developments like video recorders and disc systems, Teletext and Viewdata, cable TV and satellite broadcasting, will inaugurate an era of profound change, a period of opportunity and challenge that will undeniably colour, if not revolutionise, multi-national advertising and marketing.

As Dennis Flach, head of marketing and research at Granada Television points out, the technicians say they can define possible developments over the next three years with a reasonable degree of certainty. After that, almost anything goes.

Michael Thompson-Noel

ADVERTISING VI

Advertising can serve a multitude of purposes: it inspires and reassures, excites, informs and sells. On this and the following page, Michael Thompson-Noel and Antony Thorncroft describe six UK campaigns in six widely different categories: financial (Commercial Union), industrial (Kimberly-Clark), food (Krona margarine), drink (Guinness), cars (Ford) and recruitment (the Army). The campaigns reflect a personal choice, but share two common factors: effectiveness and approbation.

Keeping the Army up to strength

ADVERTISING, WHEN it is thought about at all, is usually associated with the bright lights of Martiniland, or with Heinz or with Coke or Captain Birds Eye.

But an important tributary of the adman's art concerns recruitment advertising, of which an admired example is Medcalf Wrightson's campaign for British Army soldier recruitment (another agency handles recruitment of officers).

In one guise or other, the agency has held the account since Britain established her voluntary army in the middle 1960s. In common with other branches of the services, the army sets specific targets and budgets each year, so that the campaign, and the agency, are precisely accountable.

The Army's current target is the recruitment of 16,000 regular sol1diers, aged 17 and over, plus 10,200 juniors. The budget, two-thirds of which is spent on television, is at present £1m, and a similar recruitment target is expected next year. As with all Government advertising, the account is managed by the Central Office of Information.

According to Medcalf Wrightson, the aim of the campaign is to steer the right course between the reality of Army life and the appeal of its boy's own glamour.

"Telling it like it is is very important," the agency says. "The campaign stresses the qualities the army is looking for. Those who appear in the TV commercials are serving soldiers, not actors, and all commercials are extensively pre-tested, so that over a period of years we have acquired a very strong feeling for what is required."

One Press advertisement invokes the name of Charles Atlas (see picture). Another showing six infantrymen riding on an armoured personnel carrier ("It stops blisters as well as bullets") describes modern infantry hardware.

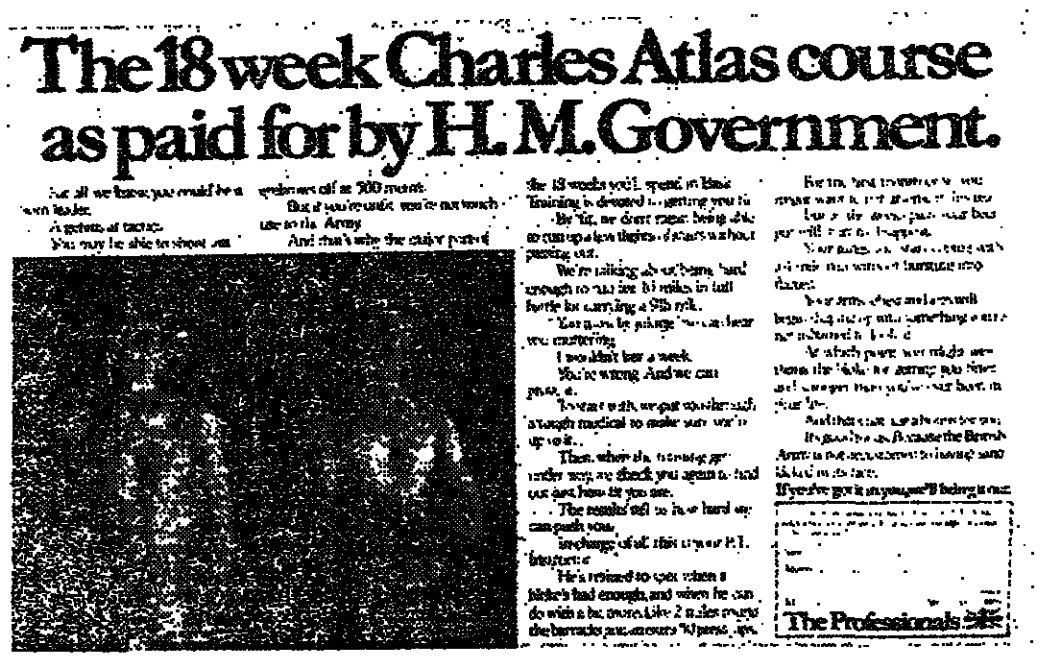
There was a time, it says, when the British infantryman was looked upon as a cheerful sort of bloke who ate nothing but bully beef and could run all day in the wrong size boots carrying six times his own weight in unnecessary equipment.

But not any more: "Nowadays when things start hotting up, most infantrymen get chauffered around in the comparative luxury of a Rolls-Royce-powered Armoured Personnel Carrier."

The modern infantryman, it says, is equipped with a battery of weapons, can destroy tanks in at least three different ways, and is an expert with mortars, grenades and sophisticated field radar.

It's enough to drive one to join the Professionals.

M.T-N.




Rene Cutforth: reporting on reaction in Australia

Krona scores agency winner

THE ADVERTISING campaign devised for Krona margarine by Davidson Pearce Berry and Spottiswoode can claim to be one of the most effective in recent advertising history—there are the sales results to prove it.

Within two years of its launch, and just a few weeks after it went national, sales were running at the rate of £25m a year, placing Krona, in turnover terms, just ahead of its well established competitor, Stork SB. The campaign also impressed the judges in the recent IPA Advertising Effectiveness Awards, for it was judged the overall winner, bringing the agency a £3,000 prize.

Krona, a product of the Unilever subsidiary van den Bergh, was developed in Australia where it traded under the Fairy brand name. Its main characteristic was that it tasted like butter and it proved a great success. In 1974 the agency was given the task of developing Fairy for the British market, but for four years the assignment hung fire, partly because there were problems in adapting the British machinery to produce the brand, and partly because the price differential between butter and margarine was so small that there was little point in marketing a new margarine brand.

Easily

But with the price of butter rising, Davidson Pearce launched Krona on test in the Harlech and Westward TV areas in the autumn of 1978, and within a few weeks half the housewives in the area had bought the product and its brand share of 16-18 per cent had made it easily the market leader.

This was due mainly to the advertising which had been created in the face of various restrictions. The point about Krona was tht it was like butter but Government regulatory controls prevented a margarine making such a bold boast. There was also the fact that competitive brands had positioned themselves with similar claims in the past and housewives had become suspicious of such comparisons.

Davidson Pearce got round the problem by using a respected journaliust, Rene Cutforth, and getting him to report on the reaction to the margarine in Australia where apparently questions about it had been asked in Parliament. Australia in itself, with its dairy image, was appealing to British consumers who responded to the mildest of plugs—that Krona was now available in the UK—at the end of what looked like a fairly factual news item.

The weight of the advertising budget—the launch received the equivalent nationally of £1.5m—must also have helped and the spend now with Press and radio supporting the main thrust in television, is approaching £2m a year.

But the sales are justification for the substantial budget, especially as Krona carries a premium price, and attracts customers away from butter as much as from van den Berghs other margarines. What has excited the manufacturer and the agency is the interest that the brand has aroused among housewives. Letters arrive by the shoal asking for information about its progress. It has developed a fan club, not least in Davidson Pearce which is now working on other projects for van den Berghs.

Caring for the Ford family

THE campaign by Ogilvy Benson and Mather for the launch of Ford's new version of the Escort may not win many advertising awards, but it could well ensure that the Escort quickly becomes the country's best-selling car instead of number two. Even this happy result has a slight sting in it for the agency: it also looks after the current number one, the Ford Cortina, to say nothing of the number three, the Ford Fiesta.

All told, since Ogilvy Benson started working for Ford five years ago, it has launched seven new cars and seen its billing from the client rise from less than £1m to approaching £10m this year. The Escort, launched in late September, is receiving £1.3m-worth of support in a five-week burst.

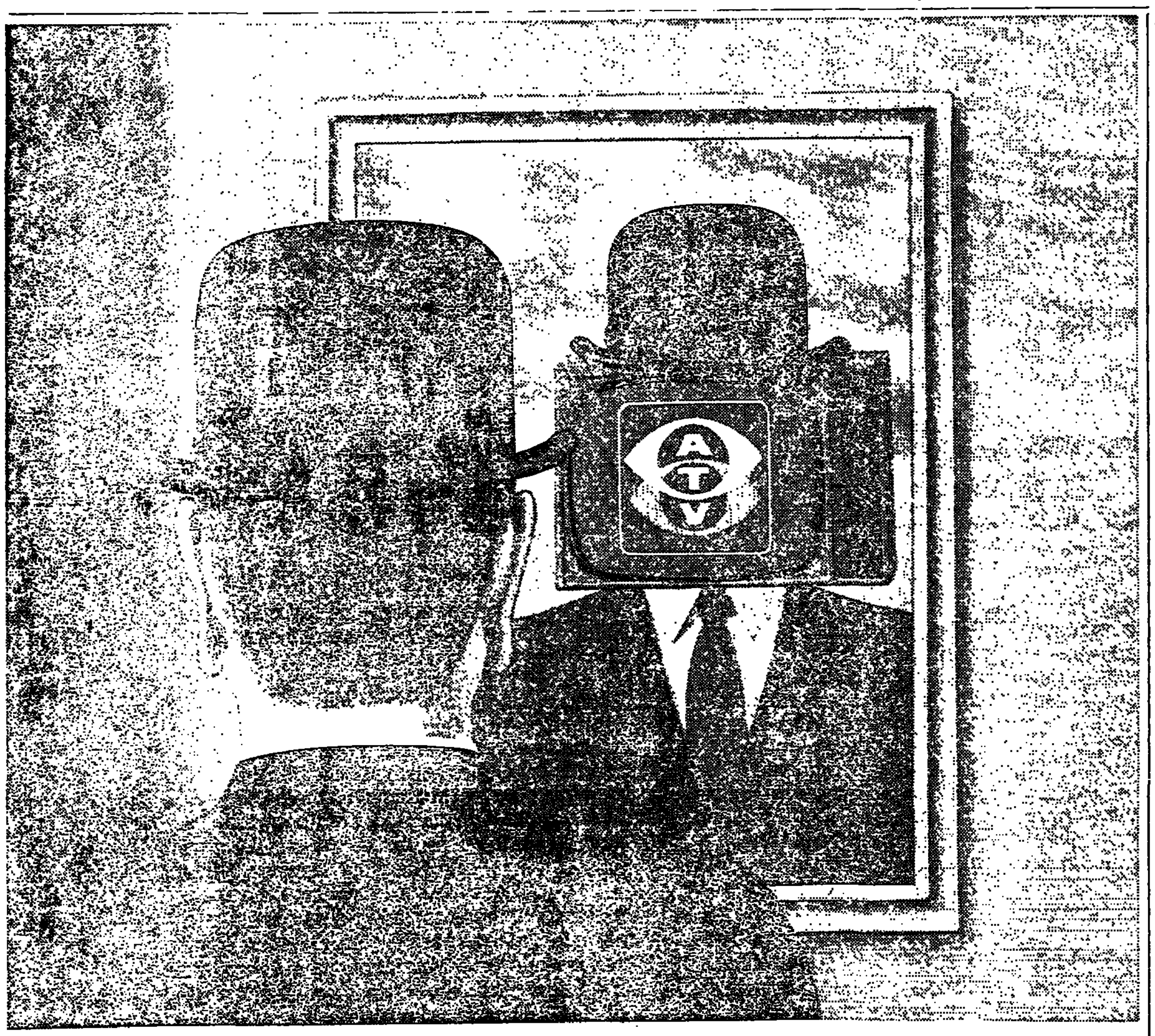
Even so, a measure of Ogilvy Benson's success is that the advertising cost per car sold is £14 for Ford as against £46 for British Leyland, £60 for Talbot and £83 for General Motors. The Escort is Ford's first world car, but Ogilvy Benson only looks after the account in the UK and the advertising has been especially tailored for the British market. It concentrates on the engineering attributes of the Escort, its economy and reliability. The agency believes that the days when people bought cars on their image are past.

A feature of the television commercials is the use of computer graphics prepared for the agency at Cambridge University. Ogilvy Benson has exploited them in its previous two Ford launches and believes that switching from shots of the Escort cornering to diagrams of what is happening to the structure of the car at that moment gets the technical message across. For with the new Escort the agency has got to satisfy the traditional owners of the car, who tend to be of the down-market, DIY kind, that the smarter design, with front-wheel-drive and a hatchback, does not mean that the Escort has gone all foreign and trendy.

Most of the budget has been allocated to TV but Ogilvy Benson also bought double-page spreads, one side in colour showing off the Escort's looks while the other goes into detail about its efficiency. The approach may lack glamour, but Ogilvy Benson's early decision to go for engineering skills as its creative wrapping has paid off in establishing the company as far and away the market leader with 31 per cent of car sales to date this year.

While the advertising cannot claim all the credit for this, the agency does believe it is mainly responsible for improving the image of Ford. At one time it lost out on reliability and durability: not any more.

A.T.



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Classic campaign that maintains appeal

GUINNESS IS the classic advertising campaign: classic in its long history; in its tradition of blending innovation with excellence; in its vital importance to the survival of the brand. For Guinness, unlike its beery competitors, owns no pubs in the UK. The only way it can communicate with its public, and convince its competitors to stock it, is by building up irresistible demand through advertising.

For the agency it is the perfect client. It believes in long relationships—it was with Bensons for over 50 years before it switched to J. Walter Thompson 11 years ago—and in letting the agency get on with the job. As a result it is the account that everyone wants to work on and at JWT a big problem is how to keep happy the creative team that has once had the chance of producing some of those stylish advertisements, heavy with production values and built-in class, which make a Guinness commercial or poster so instantly recognisable.

Attraction

Another attraction to the agency is the fact that this year Guinness will be spending more than £5m to maintain its appeal to the public.

Guinness gains in bad summers and although beer sales generally are down the Irish brew has weathered the storm better than the competition and is planning new TV and poster campaigns for the winter. Last year it brought back the Toucan, a gamble which produced criticism that JWT had run out of fresh ideas but was fully justified by the new use made of this talkative bird, and by the fact that Guinness's share of the take-home trade, the sector aimed at by the advertising, increased.

This year the Toucan returns, along with a range of commercials which are consistent only in their style. As Alec Morrison, who looks after the account at JWT, says: "Most brands are so fragile that they have to keep to a fixed path. We have the freedom to experiment, but we try to be consistent in setting a continuous tone of good humour and taking exceptional pride in the product."

The success of the Toucan is encouraging JWT to be more innovative. There are constant campaigns in the women's magazines to increase the proportion of women drinkers and the popular Press has been tried. But, as Morrison says: "After 200 years there is not a lot of news in Guinness." Posters are the main back-up to television, with 2,000 prime sites.

In such a competitive business, and with the lighter lagers making most of the running, Guinness has discovered that it can stay the best-selling stout in the country, and at a price above most of the competition, by being different in the nicest possible way, and that is just the image the advertising creates.

A.T.

Impact and recognition for industrial selling

"SERRASALMUS PIRANHA," runs the headline to a recent colour supps. advertisement for the industrial products division of Kimberly-Clark: "Fewer teeth than a rag full of swarf."

In keeping with the traditions of this campaign, attention is at once commanded by a striking visual (the clutching fingers of a hand, immersed in what looks to be a tankful of piranhas) that thrusts the hapless reader into study of the copy—a pitch for K-C's Kimwipes rold. to safer, cleaner, more Wipers, contributors, we are agreeable factory conditions.

Industrial advertising campaigns that achieve the degree of impact and recognition enjoyed by Kimberly-Clark are rarieties indeed (Colt International and Dexion are others).

In part, says Winston Fletcher, managing director of Fletcher Shelton Delaney, the agency involved, this is because few agencies find it worthwhile to devote creative firepower to an industrial account.

From the agency's point of view, the relatively low expenditure, and thus the small production budgets, are disincentives; from the client's point of view, advertising is very seldom as important an element in the marketing programme as with consumer goods and services, mainly because the numbers to be reached are so much smaller.

Resources

K-C's industrial division first set about planning a major national advertising campaign in 1976. It had been supplying Hi-Dri disposable paper towels to industry since the 1930s, but it was not until the 1960s that the parent company allocated significant resources to its industrial marketing operation.

To the Hi-Dri range were added Kleenex hospital products, toilet tissue and Kimwipes disposable wipers.

"Probably the most fundamental single difference between consumer and industrial marketing," Winston Fletcher says, "is that whereas consumer products are bought by indivduals for their own (or their families') use with their own (or their families') money, industrial purchases typically involve the spending of other people's money on products which still other people will use." For this reason, each industrial buying decision is inherently more complicated than a consumer buying one.

What it needs, he says, is a client who believes in the value of the advertising, that it is worth the time and money.

Over recent years, K-C's industrial sales have prospered mightily—underpinned, ironically, by "industrial" advertising of the calibre that makers of more glamorous consumer goods would prize.

M.T-N.

Storm damage helps to sell a service, not policies

"WHILE OTHERS were assessing the damage, we were paying for it," ran the headline on full-page colour ads for Commercial Union last year, part of a pioneering campaign launched on CU's behalf by Doyle Dane Bernbach in 1978.

The advertisement referred to floods in Sheerness, Kent, in January, 1978 when, after a night of near hurricane-force winds and waves as high as houses, the East Kent coastline was, it seemed, all but blown away.

The advertisement explained that in the light of a 30-mile trail of devastation, Commercial Union had decided that there was only one way it could be of help: not with tea and sympathy, or vague promises of compensation, but by agreeing to claims immediately.

"On January 12, with the storm damage barely a day old, we set up an emergency claims centre in Canterbury," ran the story.

"Within two working days we had our own team of claims inspectors out and about on the waterways, personally totting up the cost of repairs.

"In all, we paid out £115,000 from just one branch, to more than 400 policyholders.

The campaign fast became a classic — a breakthrough, Doyle Dane says, in what had previously been regarded as a hard-sell business.

"Most insurance companies stick to selling policies," says the agency, "whereas this campaign sells a service, an attitude of mind. It was our intention, and that of CU's general manager, Vernon Bryan, to shift the whole emphasis from cash and hard selling to demonstrating the service behind every CU policy, to showing that CU is there to put things right, not to capitalise on others' misfortunes. Hence the pay-off line: 'We won't make a drama out of a crisis.'"

Over the past 30 months—current media expenditure is approximately £1.2m, split 50 : 50 between Press and TV—Doyle Dane has collected more than 500 such anecdotes that cast light on CU's depth and range of service.

There was Bruno, the bungling St. Bernard, whose efforts to scare off burglars wrecked his owners' living room (they were compensated in full). There was the double bass player from Birmingham who, with the promise of a major audition just three weeks away, returned to the rehearsal room to find his double bass half baked by a haywire central heating system. At CU's expense, the instrument was "lovingly restored, in time and in tune for the Royal Philharmonic."

"To start with, the campaign was an enormous gamble," says Doyle Dane, "because how could head office know the true nature of the claims service being offered at branch level?"

Fortunately, no skeletons fell reeling from the cupboard, and although the campaign was not designed to stimulate a direct increase in sales, its impact, together with its reception by brokers and intermediaries and CU's own staff, have convinced the company that its brave tack was right.

M.T-N.

Glamorous accounts lose their sway

TO MOST PEOPLE, at least in Britain, the word advertising tends to mean a TV commercial for a detergent or some kind of food. It is not surprising that the layman should think in this way—this form of advertising is probably the most visible, and tends to arouse the strongest feelings.

But until quite recently many people in advertising, particularly those working for large and fashionable agencies, seemed to share the same delusion. Of course, they would admit that glossy commercials for packaged groceries did not constitute all of advertising, but they would intimate that they accounted for all the advertising that mattered.

The big accounts, the glamorous accounts, the growing accounts, were all believed to emanate from the packaged groceries sector and to end up on television.

One can easily understand how this view came to be held. Advertising existed long before mass marketing or packaged groceries—the earliest advertisement I know of is for a brothel in Pompeii, and the products of that establishment probably could not be described as groceries, if the frescoes are anything to go by, certainly could not be described as packaged.

Nevertheless, over the past century, as the simultaneous growth of mass production and mass media gave rise to the possibility of mass advertising, the major engine for these developments has been the branded grocery product. This type of advertising reached its apogee with the advent of commercial television, first in the U.S., then Britain and subsequently, to a greater or lesser extent, in most European countries. This was a perfect example of the message finding the medium and, by the beginning of the 1970s, the resulting commercials had become imprinted in the psyche of the Western population as a whole.

But, as so often happens, by the time everybody recognises the triumph of a particular trend, it is already in decline. From the late 1960s to the end of the 1970s, the manufacturers' consumer advertising, which is made up largely of packaged groceries advertising, fell from almost half the total in 1968 to less than 40 per cent in 1974, and also in 1979, although the latter figure is somewhat misleading, as it was affected by an 11-week ITV strike.

During the first half of the 1970s, the main gainer in advertising share apeared to be the classified category, which was the continuation of a trend started in the early 1960s when newspapers began to adopt a much more professional approach to selling classified pages.

However, this advance ran out of steam in the mid-1970s, and the classified share of advertising has been falling ever since, with every indication that 1980 will give classified its lowest share of total advertising for a decade. In fact, the sector of advertising which gained most in share during the 1970s was "other display," not a type of advertising which is likely to signify much to most people, and therefore one which requires closer examination.

Dynamic

"Manufacturers' consumer advertising" was a category invented to cover branded goods advertised directly to the consumer. The rest of display advertising falls into the rag-bag category of "other display." What has made this area so dynamic? The table breaks down display advertising in television and major Press media into its component industrial sectors, so that we can compare the share of television and Press advertising of these sectors in 1973—at the height of the advertising boom of the early 1970s—with 1976—a relatively average year in trade cycle terms—and 1979, when demand for television was very high, a shortage exacerbated by the long strike.

It is clear that most of the movements in shares had little to do with the trade cycle, as they seem to have continued through the decade. The most important change is obviously in "consumables," which again largely consist of packaged groceries and similar products, and whose share of advertising in both television and Press has declined significantly.

The only two categories to increase their share of both television and Press are retail, whose growth in advertising terms is relatively well known, and durables, a less widely-recognised growth area. All retail and a considerable amount of durable advertising (for instance, by gas and electricity showrooms) would not count as MCA, and therefore go a long way towards explaining the rapid growth in the "other display" category seen in the table.

Showing the figures in this way helps to dispel several widely-held myths about recent advertising in Britain. Far from being a growth area, Government advertising has lost share in both television and the Press. Equally, areas such as financial, industrial and service advertising have moved to television, but, in relative terms at least, have cut back on their Press advertising.

This switch of a number of leading Press advertising areas towards television during the 1970s is perhaps the most important trend of the decade, and one which is likely to have major implications for the 1980s, both in Britain and in Europe. The reason for this can be glimpsed by comparing retailing, which was the first and most important category to move to television, in 1976 and in 1979.

It is clear that in the last few years, the rapid movement of retail advertising into television has stopped and even moved slightly into reverse. Few people close to the advertising scene would doubt that the reason for this has been the shortage of television advertising time, caused in large part by other sectors such as finance and services, following the retail lead and shifting a considerable part of their advertising from Press to television.

The result has been a rapid increase in TV rates, which in turn has led to some unfulfilled potential demand for television advertising moving back to the Press.

Similar, but normally even greater, problems bedevil attempts to use television advertising in many European countries — Germany, France and Italy being obvious cases —where TV advertising time is in short supply. But in all these countries there is evidence that, just as in Britain, new types of advertiser are becoming interested in television, and would like to use it to a greater extent if more time could be made available.

One almost certain development in the next decade will be precisely such an increase in television advertising time. This will result partly from the creation of new channels (Channel 4 in the UK) but also from the spread of cable television and, perhaps most important of all, before the end of the decade the possibility that satellite television could provide advertisers with an almost unlimited number of TV channels, even for those countries, such as Scandinavia, whose Governments do not permit the origination of television advertising within their own borders.

Fruition

If only some of these possibilities come to fruition, the trends of the 1970s might well suggest that a variety of product categories, whose advertising the Press used to claim as its own, might desert in large part to television over the next few years. By then, the packaged goods industries will no longer be the sole mainstay of television advertising, and the only blue chip accounts that agencies lust after.

This type of advertising will, at best, merely be primus inter pares among a variety of other accounts whose large budgets will make them automatically a source of excitement to the advertising community.

The 1970s started with the confident prediction that the advertising of packaged goods was in decline, the more respectable types of advertising, such as classified and governmental, were in the ascendant, and that as a result the Press was likely to benefit at the expense of television.

Part of the prediction may have been accurate—we have seen that packaged grocery advertising has indeed declined, at least relatively. But the rest of the prediction has proved of very dubious value.

The downturn in classified advertising and the swing of product categories from Press to television, accelerated by greater television availability, means that the 1980s look like a decade of television growth and Press decline. But then the Press may well take consolation from the mistakes of forecasters 10 years ago.

Harold Lind

Head of Information Services at AGB.

TYPES OF ADVERTISING AS A % OF TOTAL UK ADVERTISING

	MCA	Other Display	Classified	Trade & Technical	Financial
	%	%	%	%	%
1968	49	20	20	9	2
1970	45	22	22	10	2
1972	44	24	21	9	2
1974	39	25	25	9	1
1976	41	28	22	9	1
1978	41	27	22	9	1
1979	39	28	22	10	1

Source: Advertising Association.

SHARE OF ADVERTISING BY INDIVIDUAL SECTOR

	TV			Press		
	1973	1976	1979	1973	1976	1979
	%	%	%	%	%	%
Retail	3.6	7.5	7.2	17.3	23.9	23.7
Industrial	0.9	1.9	1.4	7.0	6.8	6.6
Financial	0.7	1.8	2.8	12.7	9.1	9.9
Government	3.3	1.9	2.7	4.8	3.8	4.1
Services	6.0	6.2	7.8	10.4	9.7	9.9
Durables	14.2	17.4	9.9	22.9	23.0	25.0
Consumables	69.8	60.3	54.1	25.0	23.7	20.8
Other	1.4	2.8	3.1			

Source: Media Expenditure Analysis.

Lull in outside pressures to regulate the industry

A DECEPTIVE lull has settled over the advertising industry. Its enemies, those who want to tax and restrict it and tie it up in red tape, subject it to laws and regulations, seem to have disappeared. There are a few rumblings among EEC bureaucrats but in the main advertisers and agencies are getting on with their work of producing advertising without a second thought about future restrictions. This is something of a relief after the years when a continuous succession of threats undermined the industry's confidence.

Advertising controls operate at three levels. There are controls emanating from Brussels; there are actions by the Government of the day; and there is the industry's own code of conduct. At the moment the advertising industry in Britain polices itself and forces advertisers who step out of line to withdraw the advert.

Independence

The media will never accept an advert which the Advertising Sandards Authority says is wrong and there has been no case of an advertiser persisting with one after the authority has objected to it. The industry's main aim is to preserve this independence and avoid Government legislation and the weight of the law interpreted by civil servants.

The industry is still preening itself on the good report it got from the Office of Fair Trading's look at advertising. The study was set up by a Labour Minister, Roy Hattersley, and completed under a Conservative, Mrs. Sally Oppenheim, and the Director of Fair Trading's conclusion was that really there was very little wrong with the way advertising operated in the UK.

While the Conservative Government remains in office the industry need fear little in the way of new legislation. With a Labour government things might be very different. Its Manifesto at the last Election included proposals for a tax on advertising although when it was last in office it did nothing.

The fact is that any tax on advertising would put up prices and also ruin many newspapers as well as reduce the ability of commercial television and radio to mount a popular service.

In a reasonable world the argument that advertising when not purely informative, cuts the price of goods by pushing up sales and reducing the unit cost would be generally accepted, but the advertising industry cannot ignore the possibility that an extreme Labour government might try to destroy it for theoretical reasons. Its best defence is to ensure that it keeps its house very much in order.

In recent years the EEC has caused almost as much panic as the Labour Party among the minority in the advertising business who worry about the broader principles of their trade. In West Germany and Scandinavia, there are much tougher legislative controls on advertising, and as the EEC has moved towards a uniform system there was the likelihood of it adopting the German legislative approach to advertising rather than the British policy of self-regulation.

Now Brussels is more alive to the differences among the Community's member states and although there are study papers on tighter controls on tobacco and alcohol advertising and advertising to children circulating, they are very flimsy clouds on a far horizon. About the only change of a legislative nature likely to affect advertising is the possibility that the Office of Fair Trading's working party suggestion of a long-stop statutory power to back up the industry's system should be implemented. But in the main new laws on advertising are very low on any Government's list of priorities.

This lack of political interest is mirrored by an absence of public concern about advertising recently. The Advertising Association has been monitoring popular disaffection about numerous institutions for many years and the proportion of the community which thinks that advertising is a bad thing and in need of reform has steadily declined to an almost unnoticeable minority.

Minority

However, there are pressure groups which can catch the headlines and carry some weight, in particular some doctors who want even tighter restrictions or even a complete ban on the advertising of tobacco and alcohol products. But so far they remain a minority in their profession.

Even so, the Advertising Standards Authority constantly keeps its Code under review and last year tightened up on drinks advertising by forcing up the age limit of those appearing in advertisements, they must now look 21 or over. The authority also strengthened the parts of the Code which try to prevent any suggestion that drinking is necessary for social success. The basic aim is to educate the industry, and in particular the agencies, about what is permissible and to encourage anyone with doubts over a particular creative approach to contact the authority before work on the advertising is completed, thus saving time and money.

In practice, any tightening up does not restrict the creative personnel in agencies, rather it encourages them to look for new approaches. In tobacco advertising for example, the authority's support for campaigns which de-personalise smoking have contributed to the appearance of award-winning campaigns like that for Benson and Hedges, which gets away from trite statements and makes its appeal through, setting the pack in artistic backgrounds.

All tobacco campaigns have to be approved by the authority but, if anything, advertising in this area has improved, at least creatively, since the rules were more firmly applied.

If there is a lull in criticism of advertising at the moment its practitioners should not relax. It was in the same complacent mood that they assembled at Brighton in 1974 for the Advertising Association conference, only to face the sudden threat of rigid controls from Mrs. Shirley Williams if they did not put their house in order.

Within hours the industry had moved from complacency to reform and the current

CONTINUED ON NEXT PAGE

ADVERTISING IX

TOTAL EXPENDITURE ON DIFFERENT TYPES OF ADVERTISING

	Display							
	Press*	Television	Other**	Total Display	Financial Notices, etc.	Classified	Trade and Technical	All Advertising
1970	100	100	100	100	100	100	100	100
1971	108	114	103	110	122	100	98	106
1972	123	140	117	129	189	126	115	127
1973	147	168	138	154	178	179	137	158
1974	150	162	165	155	144	191	151	162
1975	165	189	179	174	156	183	162	174
1976	200	245	238	218	178	214	194	214
1977	243	318	307	274	211	275	251	270
1978	294	384	399	333	233	388	319	330
1979	356	376	559	386	245	458	383	383

Indexed 1970=100

*Excluding financial, classified and trade and technical. **Posters and transport, cinema and radio.

Source; Advertising Association.

ESTIMATED MEDIA EXPENDITURE BY PRODUCT GROUP

(£m)

Product Group	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979
Classified	119	119	150	213	228	218	255	327	402	476
Retail	56	63	84	114	134	163	206	260	307	355
Industrial	71	70	81	95	103	111	130	168	212	258
Household and Leisure	54	59	68	84	79	87	113	150	204	230
Food	62	70	82	88	81	89	112	144	165	166
Drink and Tobacco	46	50	55	64	65	73	97	111	121	148
Toiletries and Medical	32	35	39	48	50	53	66	77	86	98
Auto	19	18	23	29	23	33	43	56	75	93
Savings and Financial	23	28	39	39	36	36	44	57	70	84
Tourism, Ent'tainment, Foreign	22	24	26	30	32	34	39	47	63	75
Government	14	16	17	21	21	21	22	26	37	42
Nationalised Industries	12	14	16	19	18	18	23	28	34	41
Publishing, Books	9	11	13	16	17	16	20	26	32	34
Clothing	13	12	13	12	10	12	15	18	21	23
Charity, Education	2	2	2	2	3	3	3	4	5	6
TOTAL	554	591	708	874	900	967	1,188	1,499	1,834	2,129

Source: Advertising Association.

Pressures

CONTINUED FROM PREVIOUS PAGE

Advertising Standards Authority system, which actively canvasses criticisms from the public, had an almost instant birth.

The quick reaction of the advertising industry staved off legislation then but any future reprimand might lead to less palatable results. Last year there were 3,367 public complaints about advertisements to the ASA of which fewer than a third led to an investigation. But of these two thirds of the complaints were found to be justified and the advertisers changed their copy.

In the majority of instances the complaint related to a mail order offer, usually the failure of the advertiser to supply the goods paid for in a reasonable time. This year there has been a 70 per cent increase, so far, in the number of complaints but as far as the authority is concerned this does not mean a rise in the amount of malpractice, just that its advertising, handled by a new agency, has hit home more effectively. The number of justified criticisms has not increased *appreciably*.

The authority covers only Press and poster advertising. The television contractors have their own control system, pre-vetting all the commercials shown and sending back about 20 per cent of scripts for changes to be made. The main aim is to ensure that TV commercials never cause a public stir and by being perhaps too rigid the Independent Television Contractors Association has managed to keep its nose particularly clean.

All the time it attempts to move in line with public opinion over such issues as nudity but in the main the *commercials are beacons of* cleanliness and order when compared with the programmes they pay for. The creative personnel in agencies complain periodically but the television companies are not going to do anything to endanger their franchises.

Keeping in step with public opinion is the vital link. To look at commercials of 20 years ago is fascinating. In some respects—what children get up to, for instance — we have tightened up appreciably in the interests of setting a good example. In others, such as social mores, we are much more liberal.

At the moment advertising is not an area of concern, but it is still at the whim of political change and no one should forget that it was complacent in early 1974 and would not have brought in changes now considered to be quite right and proper if the industry had not been prompted by its critics, if not opponents.

Antony Thorncroft

Retailers' expenditure rises

TOTAL ADVERTISING expenditure rose to £2,129m in 1979, about 16 per cent up on *1978. However, when account* is taken of media rate inflation, the "real" increase in expenditure was only 1 per cent.

This small increase, over a period of rapidly-rising real personal incomes and increasing *consumer spending, is* explained mainly by the ITV strike in the second half of the year. Although a great deal of the lost TV revenue was eventually spent on other media, or on TV when the commercial *stations* resumed transmission, much of what would have been 1979 advertising revenue was actually carried over into 1980.

The absence of Times Newspapers for much of 1979 also almost certainly led to a loss of both *display* and classified revenue, but the effect was not very great since a large proportion of the revenue lost to TNL *was spent in other media during* 1979.

Calculations

The latest Advertising Association calculations suggest that had neither the TV nor the TNL dispute occurred, total UK advertising revenue would have increased by about 3 per cent between *1978* and *1979*. Since 1979 was almost certainly a "peak of the trade cycle" year for advertising (the current recession in business activity will certainly lead to a fall in total advertising revenue in *1980), these figures show that* advertising expenditure, despite substantial growth in real terms since 1975, did not recover sufficiently to pass the previous peak in expenditure recorded in 1973.

One reason for this apparent long-term decline in total advertising expenditure is the fact that *manufacturers' consumer* advertising (that is advertising from the private sector aimed at the general public) was substantially lower in 1979 than it was in 1973, even when allowance is made for the effects of the various industrial disputes.

Part of the explanation for this relative decline in MCA expenditure can be found by examining the trends in expenditure of the various product sectors that go to make up total expenditure.

There has been a rapid growth of retailer advertising relative to the other categories of expenditure, and in particular relative to manufacturers' consumer advertising. The increasing share of consumers' *expenditure taken* by the major retail chains (both food and non-food) over the past decade has clearly led to a new need to advertise the "chain" in much the same way that brand advertising is used to distin*guish manufactured goods.*

There has been a considerable debate in recent years as to whether retail advertising is actually replacing manufacturers advertising—particularly in the fast moving consumer goods area. Whether this is true or not there can be little doubt that the growth of the big retail chains has fundamentally altered the balance of power between retailer and manufacturer and this change has been and continues to be reflected in the relative growth of retailer advertising.

However, this changing pattern of revenue goes only part of the way towards explaining the apparent decline of advertising revenue since the previous peak year of *1973*. Various explanations have been put forward, ranging from the declining profit levels of UK industry, through to the fact that 1973 was a wholly exceptional year, owing to the massive consumer expenditure boom which took place.

Both these explanations — and others — may have some validity. On balance, however, the most probable explanation is simply that the amplitude of *the advertising trade cycle is so* wide that comparing any two individual years is not particularly instructive.

What is absolutely clear, nevertheless, is that on any average measure — taking *periods of years together* to even out the good years and bad years — advertising expenditure as a whole is not growing rapidly; it has in fact been rather static for most of the 1970s.

So much for what is being spent on advertising, and by whom. The most interesting aspect of how the advertising money is being spent is just how little change has taken place in the shares of the various media of total display advertising since the early 1970s.

Although television's share of display expenditure grew quite rapidly through the 1960s, the share of all the media sectors with the exception of radio, remained remarkably static through the 1970s. Commercial radio revenue grew from £1m in 1970 to £52m in 1979, but the proportion of display expenditure spent on radio was still only 4 per cent last year.

Breaking down the main components of Press display advertising into its constituent parts —national newspapers, regional newspapers, magazines and periodicals, and directories—reveals a very similar situation. Although real growth overall occurred, the proportion of expenditure taken by each sector remained remarkably constant *throughout the 1970s.*

Some change in the breakdown of classified expenditure *is apparent but again it is hardly* of major proportions. Total revenue going to national newspapers from classified advertising increased in absolute terms between 1970 and 1979, but the share of expenditure fell from about 20 per cent in the early 1970s to 16 per cent in 1979. The share of classified revenue going to magazines remained almost perfectly constant between *1960* and 1979 and the small proportional fall in national newspaper expenditure was made up by increases in regional newspapers and directories.

Comparison

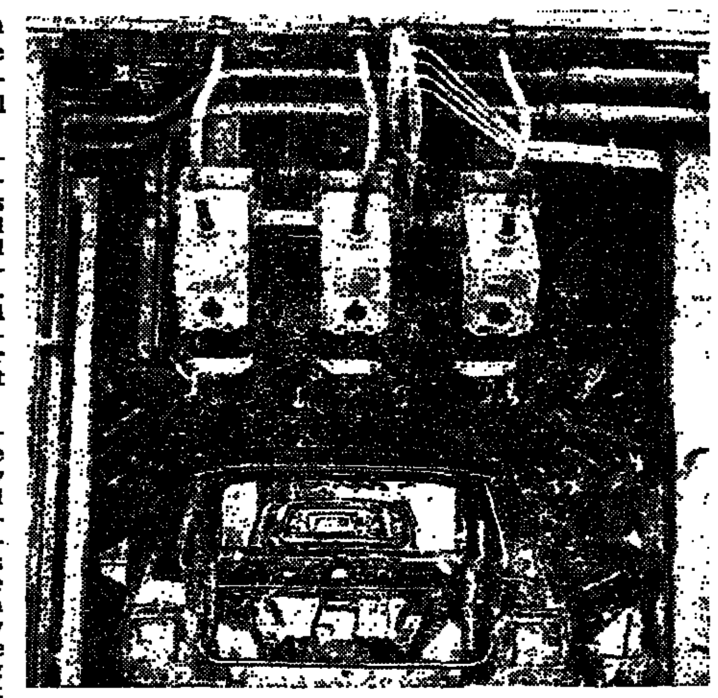
Since 1960 classified advertis*ing clearly has been a major* growth area in total, increasing in size much more rapidly than any other individual type of advertising. However, making the comparison between 1970 and 1979, the small "other *media*" *sector, including* posters and transport advertising, cinema and radio, has shown the greatest growth.

Over both periods, if allowance is made for the TV strike in 1979, television growth has exceeded that of the Press, not surprisingly in view of the growth in ownership of TV sets in the 1960s and growth in the ownership of colour TV sets in the 1970s.

The only other major sector of expenditure, trade and technical journals, has performed very much in line with total advertising expenditure, showing growth but only maintaining its share overall of total advertising expenditure.

Mike Waterson

Director of Research at the Advertising Association.



Automated body framing lines at work on the BL Metro (above): the car makers are likely to spend well over £100m on advertising this year. Below: Tesco's Operation Checkout, which fuelled the price and advertising rivalry between U.K. retailers

ADVERTISING X

Few agencies have made real efforts to interest their clients in electronic media although 6,000 Prestel sets are in use. Here one is being put to work in a London travel agency

Agencies slow to use electronic media

WHAT SHOULD the relationship between an advertising agency and a new medium under development? Should the agency sit back and wait for the new medium to prove itself, and then (and only then) enter the new arena at the head of its list of clients?

Or should it become an active developer, seeking to promote and consolidate the new medium in advance of any direct commitment from its clients but in the belief that such a policy is in the long-term interest of both clients and the agency itself?

This is the question that has been posed starkly by the development of new electronic media such as viewdata, both here and abroad. The question remains a forceful one irrespective of any judgment about the rate of progress of viewdata in any particular country, or about viewdata's chances against competing ideas.

For example, the fact that the Prestel viewdata service in the UK certainly has been slower to take off than many had hoped, does not explain why the advertising agencies are conspicuous by their absence from the viewdata scene. By contrast, in Germany, where the Bildschirmtext viewdata service is now in full market trial, a number of prominent agencies have set themselves up as centres of expertise in the use of this new outlet.

British agencies have certainly kept an eye on viewdata, and some are knowledgeable about it. However, when it comes to putting money and resources behind its development, the attitude has been one of caution. The agencies, with honourable exceptions, have declined to take their interest any further or faster than the interest shown by their clients—in other words, they have chosen to follow rather than lead.

This may sound unfair to those agencies, still only a few, that have made real efforts to interest clients in exploiting the new medium. But often the presentation to clients has been made in traditional agency terms—can you advertise your goods or good name by this medium?—and the decision has revolved around all too familiar arguments about costs per thousand, that inevitably look weak with, at the moment, only 6,000 Prestel sets in use. It has proved very hard, even for those who have tried, to think their way out of the traditional mould.

Opportunity

These comments could sound like sour grapes, were it not for two other factors. One is that in Germany, Holland and in all likelihood elsewhere, a significant number of agencies have seen viewdata not just as a medium into which to push existing clients (or not), but as a business opportunity warranting the creation of viewdata departments with their own creative and executive staff and their own equipment.

All this is geared to bringing business to the agency from new clients who want to try out viewdata, and in the process to discover, tabula rasa, what viewdata can or cannot do in its own terms.

The second fact is that in the UK a new industry rapidly getting established to exploit those new opportunities. There are now up to a dozen so-called umbrella companies active on the UK viewdata scene, mainly new companies or new offshoots, whose role is in essence to take material from a client, re-interpret it in terms of the viewdata medium, apply creative skills to its presentation, and then physically put it into the medium (in this case, onto the Prestel computer system). These new companies are between them now picking up quite substantial revenues.

However, their role is so closely anàlagous to the basic role of the standard advertising agency that it must raise the question of whether the agency business is now exhibiting the same conservatism, the same inability to think and conceptualise outside the traditional definition of its function, as the publishing, printing and other industries often have been accused of, and rightly.

The proof that this is a valid question is not some as yet unproven hypothesis that viewdata and similar electronic marvels are going to sweep the world and alter the shape of all our lives (such absurd claims have been made and do nobody any good), but the observable and bread-and-butter fact that money is being earned from it by other people in the UK, and by the same type of people in other countries.

The problem is that traditional ideas of advertising do not usually work on viewdata. The ground rules, physical characteristics, usage patterns, user reactions and cost structures are quite different to those of newspapers, magazines or television. Not surprisingly, if you approach viewdata with the wrong set of preconceptions, you make nothing of it and get nothing out of it.

To give but three examples of how viewdata is different. It is a "choice" medium in which the viewer/user/reader (we do not yet have a word for this person, rather in the same way as the BBC back in the 1930s wrestled for ages about what to call the person looking at television) has to make a deliberate and conscious choice to look at something. In other words, the standard relationship between editorial content and surrounding advertisements that characterises the printed page, simply does not apply.

Second, and consequently, the idea that the "advertiser" is somehow riding piggy-back on a medium and audience created by the "editorial" and "publishing" people, does not apply either.

Third, what you can say on viewdata, and what functions you can use it for, are different from the newspaper or magazine page, or indeed from the TV slot. You have to re-think from the start, and the criticism levelled at UK agencies is not that they should have leapt in blindfold, but that they have not managed, by and large, to get the blindfold off in the first place.

What then is the scope of viewdata? The range of applications, and of limitations, has yet to be properly explored (that indeed is the whole point). But it seems clear that a company may wish to use viewdata (or some similar system, since this argument is not dependent upon a particular example of the new electronic technologies or upon its relative success or failure) for a variety of purposes.

These include: communication between a company and its clients: between itself and its own branches or its own managers: between the company and its agents; the company and the financial community; those who deal in its products; and between itself and its salesmen, and perhaps, but by no means certainly, between itself and the public at large.

Functions

Many of these are marketing rather than pure advertising functions (perhaps they all are), as when a mail order house uses viewdata to transmit and collate orders, or a bank uses it to give account information to its customers, or a credit card company to gain new names and an edge in the fierce battle between rival cards.

But the point is that money is spent, either in-house or with some sort of outside agency or contractor, to develop these applications.

But if these are not advertising functions, then what business are they of advertising agencies? Such is the question that gets asked. The answer surely lies in putting the question the other way round. If other people can make it their business, why not the advertising agencies?

Rex Winsbury

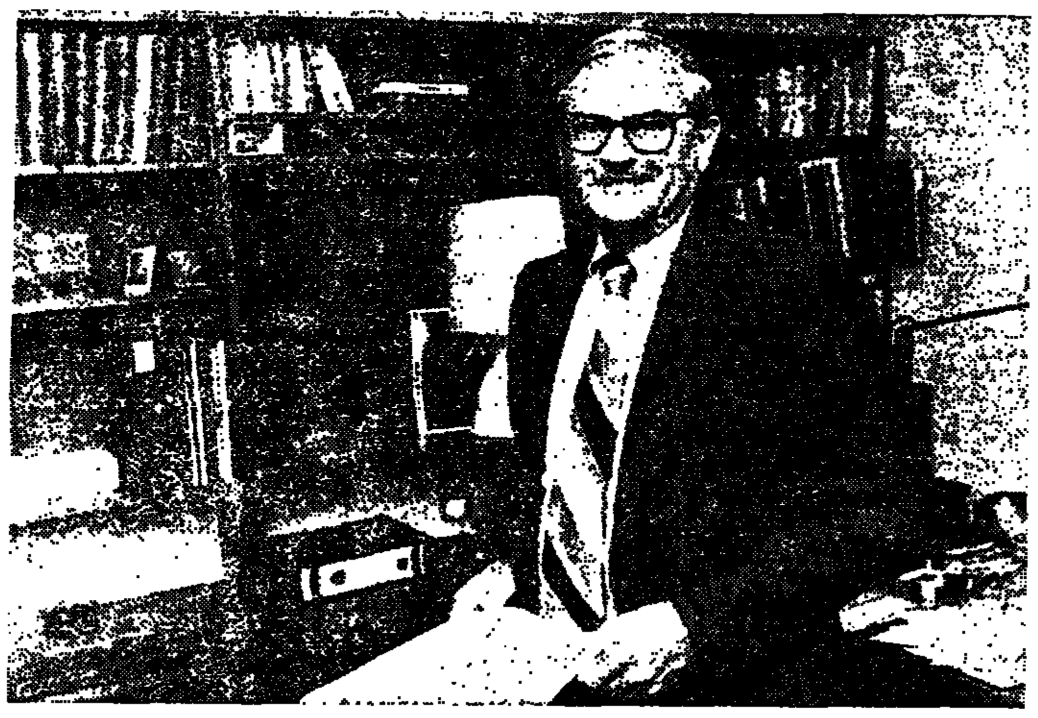
Demonstration of the IVS-3 Viewdata system to find, in this case, a hotel room

ADVERTISING XI

Michael Thompson-Noel talks to two top London advertising men: to Jeremy Bullmore, chairman of J. Walter Thompson, about advertising's worth, and to Martin Boase, chairman of Boase Massimi Pollitt, who argues that effective advertising should never play safe.

PROFILE: JEREMY BULLMORE

The need for feedback



HAVE ADVERTISERS really changed their spots? Are they regarding their advertising monies as an investment and not a cost. One man who in recent years has contributed as much to a sensible understanding of advertising's role is Jeremy Bullmore, the London chairman of J. Walter Thompson.

As JWT's creative director for more than 12 years, he is as much at home with the tinsel and imagery of his profession as anybody else; but almost *more* than anybody else, he can brush aside irrelevance and describe advertising's worth.

In an interview in this newspaper in 1978, he said that, increasingly, there was a risk that advertising was going to be seen as a cosmetic; that increasingly it was being evaluated on a non-functional basis, and that there was a danger that some people who were paying for it had forgotten what they were paying for.

"If you go back to the beginning of advertising," he said, "the manufacturer or the retailer simply put a sign. . . Nobody got in a twitch whether it was creative or not. You were making a public statement and commitment. I don't think that element of advertising has been stressed for years."

Investment

Perhaps the times have changed? Mr. Bullmore now believes that advertisers are increasingly recognising advertising's value as an investment, and that, like any other form of expenditure, they should expect to get a return on it.

"But much more fundamentally," he says, "I believe that the companies which are succeeding in this country and in others are recognising that *activity*, innovation — above all, trying to understand and predict what people want to buy or do — involves advertising, even if advertising is only a small part of the whole.

"New plant, new technology, finding out what people want to buy, what their attitudes are — all that is important, and only then does advertising come into play.

"The most important thing of all is that companies have got to make or provide goods or services that people want. All the evidence suggests that price is not the dominant factor. It is satisfaction: 'Have I got my money's worth?'"

He says there is an unidentified value to advertising that has not been pinpointed and certainly cannot be quantified. "It is this: that if you advertise, you are saying to individual people: 'I want your custom. You are important.'

"You have got to get a feedback, to find out what real people are looking for and think about what you make, and that feeds right back to research and development, innovation, recognition of social change, recognition that price is not everything and that value is by definition unquantifiable.

"The amazing thing that comes to those who advertise is not that they sell more, which they may, not that they sell the same at a higher price, which they may, but that they enjoy a much more direct connection with the only people who matter, which is you and I and 55m others.

"I am convinced, without any evidence whatsoever, that there is a commercial snobbery in this country which has replaced social snobbery. It is not regarded as worthy to trade. We cast trade as something rather trivial."

He says the availability of advertising excites companies to introduce improvements, so that it is a spur to development and improvement.

Expensive

"Take washing machines—an elegant example. It was perfectly clear to Lever Brothers 15 years ago that the fully - automatic washing machine was going to take over from the twin tub, despite the fact that the former is more expensive.

"Lever's understood the difference between cost and value—that people would pay more for something that delivered more. Persil Automatic, which is what you put in automatic machines, is now the biggest selling washing powder by far in this country.

"Look at the machines. The machines are not made by British manufacturers, who believed that people would buy on price, so that they went on making twin tubs . . . There is literally no profitable manufacturing company in this country making fully automatic washing machines.

"The powder, yes. The much derided soap powder companies have proved themselves infinitely better and more far-sighted than—back to snobbery—the companies which made the machines, all of which are now imported."

He stresses that successful manufacturers do not use advertising in lieu of R & D; they use it when they have done everything else.

"Japanese motor cars have got a bigger share of the market in this country not because they have spent more on advertising per car, which they have, but because they found out what kind of car people wanted first, and then told people they'd got it. They deserve to win."

PROFILE: MARTIN BOASE

Fighting the battle for style and taste

JUST AS ADVERTISERS worry about advertising's worth, so they are concerned about the quality of creative talent that their budgets employ. Must big equal bland? Can safe equal good?

One man who takes a consistent and determined stand in this area is Martin Boase, chairman of Boase Massimi Pollitt, an agency that, according to its chairman, does not simply occupy the middle ground between creative agency and marketing agency, but has secured a high profile both for its research work and its creative output. A claim justified, it appears, by its growth, its clients and its popularity in the ratings.

According to Martin Boase: "Good advertising doesn't have to be bad—meaning that effective advertisements don't have to be irritating, vulgar, tasteless or lacking in style.

"We ought to be humble enough to accept that we still know little enough about how advertising actually works to give style and taste the benefit of the doubt."

Adventurous

He insists that London, over the past seven years, has become not only a haven of adventurous advertising, but the pioneer of new techniques —in contrast to American advertising's scurrying for safety.

"I suspect it's partly because the budgets there are so enormous that the pressures to reduce risk are absolutely huge. When it comes to losing a \$30m or \$40m account, the pressures to go for something that might not be the right answer to a problem but is certainly an acceptable answer to the advertiser-client are overbearing.

"Safe advertising," he says, "is blandness — kidding yourself that you've created something that is interesting to watch from the audience's point of view, but in fact ends up being a list of product attributes that don't change attitudes.

"I hesitate to call advertising an art. It's much more suitably called a craft, and I certainly jib at calling it a science, or even quasi-science. It's a lot more rational than the public would believe, but it isn't scientific."

He says the system of advertising controls as has developed in this country—part statutorily enforced, part voluntary—has proved far better than any rival scheme proposed in Brussels, and infinitely better than the move towards enforced corrective advertising witnessed in America.

"One of the beliefs that we hold, in common with other agencies, is that by definition, advertisements that you do not notice serve no purpose at all. . . . There is an awful lot of invisible advertising about. It may be the result of caution, the invention of advertisements by committee, but for years the whole dichotomy has been between adventurousness on the one hand, and irrelevance on the other, resulting in a polarisation between the safe and bland and the risqué and vulgar that is equally off-beam.

"One of the great traps that people fall into is exaggerating the tasks that advertising can perform. It's usually done for reasons of self-importance, not commercial gain. An absolutely clear-cut definition of the role of advertising is essential."

I asked him what he would do if a certain well-known (UK) account was brought bleeding to his door. "What we would do with greater rigour than anybody else is apply a larger number of brighter intellects to studying what could and could not be done, to what their problem was, to defining, even more incisively than anybody else, how one might solve that problem, and then to checking it out."

There is nothing like speaking up: it's how advertising started.

Independents challenge the agencies

THE ADVERTISING agencies might be rightly concerned that the great advertising boom is nearing its end and that 1981 will turn out to be the long-prophesied bad year, but for their pinprick competitors, the independent media buyers, there still seems to be plenty of potential growth around.

Indeed, the independents have expanded so rapidly in recent years that they are now more than pinpricks for the major agencies: they are an established part of the advertising scene handling about £150m of billings in 1980. Their numbers have climbed steadily from two in 1970 to 30 now.

The independents started up in the UK to answer a particular situation. North American TV promotion companies, such as K-Tel and Ronco, wanted to advertise heavily on British television, but their commercials had been made across the Atlantic. All they needed in the UK was a good media buyer, and they found one in Paul Green, whose Media Buying Services is still the largest independent company. But as soon as independent media-buying shops appeared they evoked a quick response among many British advertisers who were becoming dissatisfied with the full service agency.

Advantages

There had always been a few companies that prepared their own advertising — C & A was a classical example — but soon more, mainly small and specialised companies, saw advantages in buying advertising services off the peg from experts, creative work here, media there.

The development of the independents symbolised deep changes in the advertising industry in the 1970s. The leading advertisers were building up their marketing knowledge and losing some of their awe of the top advertising agencies. They were starting to recruit the more intelligent young graduates and acquiring expertise—in research and planning — which in the past the agencies had provided.

There was a feeling that agencies were living off the sales successes of their clients and the fixed 15 per cent commission seemed more and more of an anachronism, especially with heavy TV campaigns where the media expenditure was out of all proportion to the cost of creating the commercial.

Although companies were reluctant to commit themselves to in-house agencies, despite the precedent of Unilever and Lintas, there was a keenness to experiment, to put the odd brand or new development product out to a creative consultancy and a media buying house.

The disappearance of a fixed commission in 1978 has intensified the willingness to try alternatives although around two-thirds of all advertising is still paid for at the commission rate. Suddenly what had seemed adventurous and perhaps dangerous was respectable and managing directors were prepared to listen to the ad hoc case rather than attach themselves to a safe multi-national full-service agency.

Now the situation is very fluid indeed. Even major packaged goods companies such as Gillette and CPC use media buyers for some brands and instead of the old framework of in-house creative work, or creative consultancy, plus independent media buyer, there is a myriad of relationships. The media buyers work for many small and medium-sized agencies, and most of the breakaways from large advertising agencies in the past two years have been groups of creative men and account executives who plan eventually to establish their own media departments but in the mean time turn to the independent specialists for this facility. There are even examples of large agencies prepared to handle the creative work while accepting that the buying stays in the hands of an independent.

The flexibility on the creative side has been a major factor in the expansion of the media shops because in the early days there were few creative hot shops around to provide a complimentary service to the media shops. Indeed some media companies are starting to offer production facilities to clients who want creative back-up services.

In addition there are the media men who go independent but have no desire to fulfil the requirements in terms of financial resources to qualify for media recognition: they are quite happy to work as ad hoc experts for agencies. A market place is developing where an advertiser can look to an agency for its main brands while using a range of in-house, external specialist, agency, or overseas creative ideas, and the media independent, or two, for its buying.

The independents rarely claim that they buy more cheaply than agencies; the media, especially the television companies, are shrewd enough to ensure that over a year all their major agency clients achieve their coups; what the independents do offer is a most specific service. You are getting the close attention of a few experts while in an agency, after the initial presentation, the media planning and buying function could be put out to trainees.

As one independent says: "Clients are aware of the fact that only 10 per cent of an agency's income goes on their media departments." There can be savings in buying around. Chris Ingram, who heads one of the largest media-buying operations, reckons that 22 of his 31 clients pay at least 15 per cent for their services. But some pay nearer 6 per cent.

The idea is that you pay what is costs the media house in terms of executive time and organisation expenses and the bill is arrived at by individual negotiation rather than as a set percentage of billing.

In the main there are still special circumstances that make the independent route attractive. It tends to be foreign companies; or advertisers, like record companies, that produce their own creative strategy; or major companies giving a new product development to a small agency and then deciding to press on with it and letting an independent buy the media; or companies run by entrepreneurs who have their own advertising ideas and are reluctant to pay an agency the full 15 per cent.

Increasingly, however, it is not just the mavericks who are suspicious of paying 15 per cent. The well-publicised dispute between Gillette and J. Walter Thompson, where the advertiser wanted to negotiate a flexible commission and the agency tried to keep to traditional ways, is being repeated throughout the industry.

Willing

Agencies are now prepared to resign accounts because they just are not profitable; media shops are more than willing to step in and handle the buying, while advising on creative services. *There are even agencies*, such as MWK, which are experimenting, where practicable, with payment by results.

All in all it is a patchwork. Since the disappearance of the fixed commission the traditional agencies have held up very well but beneath the surface there is much more interest in fees and in doing deals. The main independent media companies, such as MBS, the Media Business, All Media Services, CIA and the Media Department, are growing faster than the agencies, some of whom have responded by setting up independent subsidiaries buying for their own clients but also companies that do not go to them for creative work.

Experiment is the name of the game and, despite the doubts of traditional agencies, the independents have done much better in the past decade than either they or their detractors can have expected. With the advertising cake currently so large there is luckily room for both.

Antony Thorncroft

Tim Bell, chairman of Saatchi and Saatchi Garland-Compton, London's top growth agency of the 1970s. In addition to Saatchi, there are now three other British-owned agencies in the UK Top Ten: Collett Dickenson Pearce, Allen Brady & Marsh, and Dorland Advertising

Opportunities for growth despite recession

A YEAR AGO, Britain's advertising agencies were glum indeed. They were wrestling with the problems of a strike at ITV, which was damaging plans and profits, while for as far ahead as they could see, the path looked stony.

The recession, it was said, would send advertisers reeling. As manufacturing profits fell, budgets would be slashed and brands left out to die.

It has not worked out that way. Much to their surprise, many agencies have enjoyed a very good year. In the months ahead, the picture could darken swiftly, but for now, they are nursing their luck and counting their profits.

Advertising is big business. Total display expenditure last year was approximately £1.4bn, a figure to stand comparison with Britain's EEC budget contribution of £1.69bn, with confectionery sales, at £1.5bn, or with sales of milk at £1.45bn.

The Big Four in British advertising are: J. Walter Thompson, whose main-agency billings alone this year will total £80m; the publicly-quoted Saatchi and Saatchi Garland-Compton (one of four British-owned agencies in the current Top Ten); D'Arcy-MacManus and Masius; and McCann-Erickson.

At JWT, managing director Michael Cooper-Evans says the time will come when the weight of financial pressure obliges manufacturers to take a stern view of budgets, but says that across a broad range of categories, advertisers are sticking to their guns.

Belief

JWT has had an outstanding new-business year, with account gains valued at more than £15m, easily confirming its No. 1 spot in London. But even more vital to agency confidence than winning new business is the belief that, increasingly, advertisers are coming to regard advertising as an investment—not just a cost.

In the view of Jeremy Bullmore, the JWT chairman, the companies that are succeeding are the ones that are acknowledging that activity, innovation, above all understanding what people want to buy or do, involves advertising, even if it is a small part of the whole.

At Masius, whose business gains this year include the £6m Talbot account, and whose 1980 billings are expected to total £73m against £64m last year, chairman David Lee says budget cuts are "sporadic," and that whereas "advertising was usually the first category of expenditure to be cut off, now it appears to be the last. Of course, clients have yet to be fully tested, but knowing they can cut advertising quickly, they are probably leaving it to last."

There is a similar vein of optimism at Saatchi's, at Ogilvy Benson and Mather, at Dorland or Allen Brady and Marsh—in short, at most of the bigger agencies, and at many of the smaller ones.

Dorland is a good example. Since 1975, billings have grown from £11m to a currently-estimated £40m, thanks in part to recent gains like Bass Pubs, Eastern Gas, National Savings, Golden Virginia, Kraft Foods and Lucas, and to increased business from existing clients.

A glance at the list of top agencies compiled by Media Expenditure Analysis for the 12 months to June 30 shows that among the Top 20, six agencies recorded main media expenditure gains of more than 25 per cent.

MEAL is not a comprehensive guide to agency prosperity, but it signposts trends, and the evidence of recent months is that the agency business is now indeed like that described in Saatchi's last annual report—namely, one that is large, resilient, efficient, stable and broadly-based.

Real advertising expenditure between 1970 and 1978, said Saatchi, outstripped real corporate capital expenditure by a factor of 16:3, while in the last ten years, advertising industry profits had consistently outstripped the all-industry average.

"As more and more sectors of the economy have come to see advertising as a major force in their business," said Saatchi, "the large agencies have become more and more broadly spread in terms of their sources of income, and increasingly less dependent on any one sector of the economy.

"Many new categories of advertiser have emerged—records, films, motors, financial, retail and many others. This ever-widening spread of categories of advertiser has, over the years, made a broader and therefore more stable base for Britain's largest agencies."

Opportunities for growth are by no means restricted to the majors. There is plenty of activity lower down, so that in recent years advertising has seen the birth of numerous smaller shops that have instantly made a go of it.

There is even some evidence to show that the influence of the largest agencies may have waned slightly. According to a report by John Madell of Boase Masimi Pollitt, prepared for the Institute of Practitioners in Advertising, in 1972, the Top Ten agencies were handling an estimated 45 per cent of all display advertising, whereas in 1979 it was 37 per cent.

Decline

The overall decline for the Top 20 agencies as a whole was from two-thirds of display expenditure in 1972 to a little over half in 1978 — a development accounted for in large part by the emergence and sustained growth of independent media-buying shops, of whom there are 30, handling more than £150m worth of billings.

Between 1972 and 1979, the numbers employed by all IPA agencies (in and outside London), grew by just 2.7 per cent, to 15,272, while in terms of net pre-tax profit as a percentage of income, Mr. Madell found that for IPA agencies as a whole, net profit margins fell by 15 per cent between 1972 and 1978 (from 15.8 per cent of income to 13.4 per cent).

In surveying the agency scene of the past seven years, it is possible to make seven main points: that there are now four British-owned agencies in the UK Top Ten (Saatchi, Collett Dickenson Pearce, ABM and Dorland); that the U.S.-owned majors continue to dominate overall; that the Top Ten, or even 20, have suffered a decline in market share; that the media-buying specialists are growing rapidly; that there has been a major switch in spending away from fast-moving packaged goods to retailers and durables; that there is some pressure on margins; and that agencies' performances have genuinely reflected their ability to adapt or capitalise on change.

Agencies are not the fun palaces popularly portrayed. Nor are they the laboratories of mercantile endeavour that occasionally they claim. In truth, their's is not an easy task, and they do it surprisingly well.

Michael Thompson-Noel

BRITISH NATIONAL OIL CORPORATION

The state sector's brightest jewel

Ray Dafter, Energy Editor, interviews Mr. Philip Shelbourne (pictured right), new chairman of BNOC, and considers the future of Britain's profitable state oil company in the light of the hiatus in the Government's privatisation plans and its new interest in chemicals.

Hugh Routledge

BRITISH National Oil Corporation has just finished drilling what must rank as one of the most expensive, most difficult offshore exploration wells ever sunk by the oil industry. The operation took place 130 miles north-west of the Outer Hebrides in 4,508 feet of water. Its object was to obtain geological information about the area's exploration prospects.

The well was drilled on behalf of the UK offshore industry. There were 20 partners in the venture including the giants of the oil companies — Exxon, Shell, British Petroleum, Chevron, Gulf and Mobil.

It is significant that BNOC, still less than six years old, was the lead company for this exercise. The fact that it was the operator was not symbolic, the action of a Government pushing the state corporation ahead of private enterprise. The Corporation, as it likes to remind people, is the leading explorer in the UK sector of the North Sea. It is also the single most important trader of North Sea oil, handling two-thirds of UK production.

BNOC is fast becoming the brightest jewel among the state's holdings. Its pre-tax profits this year will be well up on last year's £75m. By the mid-1980s it could be running neck and neck with British Gas, reporting pre-tax profits of £1bn or more.

All this is likely to sharpen the attack of right-wing Tory backbenchers who want to see the Government moving more quickly to offer the public shares in the undertaking. They could give Mr. David Howell, Energy Secretary, a bumpy ride in the new session of Parliament.

So far the Conservative policies on BNOC have been notable for their faltering hesitancy and back somersaults (U-turns being out of fashion). Last year the Government scrapped its plan to sell off some £400m worth of assets and opted instead for a forward sale of crude. But it pressed ahead with a triple plan: the issue of "oil bonds," the sale of BNOC shares, and the splitting of the Corporation into two entities — *on the one hand a state-owned trading arm and on the other the partly "privatised" exploration and development company.*

The bonds should be issued towards the end of next year. Their exact form has still to be announced but it is expected that there will be some £500m worth in denomination of £25 or less. In effect they are likely to emerge as new Government savings bond whose accumulated interest will be geared to the revenue of specified BNOC fields.

The division of the Corporation's interests appears to have been put on ice, largely because the third, and most fundamental objective — the sale of equity in the production side — is now looking so distant. It is true that Mr. Howell is expected to introduce enabling legislation for *such a share sale in the coming* Parliamentary session. But the plan seems to have been pushed so far back that the chance of a share sale in the next couple of years seems fairly remote.

Some prominent members of *the Government* are not only concerned about the consequent loss of profits — and thus badly needed revenue—and the problems of disentangling all of the state participation schemes. They also worry about relaxing their control of the oil corporation at a time of so much energy uncertainty.

The question-marks still hanging over BNOC's structure must be galling to its new chairman *and chief executive, Mr. Philip* Shelbourne, formerly chairman of merchant bankers Samuel Montagu. He was appointed—somewhat to the surprise of the oil industry—after advising the Government on ways of injecting private capital into the Corporation.

Within Whitehall it was known that he did not think much of the anti-privatisation line being taken by the BNOC Board and by the then finance director, Mr. Alastair Morton, in particular.

Almost immediately Mr. Morton resigned, proclaiming that Mr. Shelbourne's arrival was a "bad appointment, badly made." Tactfully Mr. Shelbourne remained silent, in much the same way as he now *disguises his feelings over the* hiatus in the Government's privatisation plans.

"I believe it is a very good idea to give the public a stake in an investment linked to North Sea revenues. But it will be more interesting when the British public is given the opportunity to have a stake in *the equity of BNOC," he said.*

Mr. Shelbourne, a barrister by training, measures his words carefully. He is equally precise and punctilious in the way he conducts business and his personal life. He is the purveyor of the apposite quotation; a connoisseur of wines—particularly claret—and mineral water; in the office he prefers to drink grapefruit juice or china tea.

Mr. Shelbourne would admit that he is from a different mould than the one which turned out Lord Kearton, the first chairman and chief executive of BNOC.

"Frank (Kearton) likes the high profile but if I was directed to do something which was not in the interest of the Corporation I too would say so. I believe *in open Government."* Mr. Shelbourne said last week in his first interview after taking up his five-year appointment on July 1.

Mr. Shelbourne, still an enigma to many of his staff (and much of the oil industry), may soon get a reason for speaking out. There are signs that BNOC is heading for confrontation with the Government over plans to develop the Clyde Field in the North Sea. BNOC, as operator of the field—and its partners Shell and Esso—want to move ahead with the project, partly to provide continuity of work for their large offshore development teams and partly to ensure that oil production is maintained in the middle and late 1980s when output from the first batch of fields is beginning to decline.

Following a recent successful well drilled on the Clyde structure, BNOC is planning to submit a development plan to the Energy Department next summer. The project, expected to cost more than $1bn (£415m at current exchange rates) should boost the UK's commercial reserves by about 125m barrels and give a flow rate of up to 50,000 barrels a day. Those figures point to the problem.

Mr. Howell has said he is considering delaying Clyde's exploitation as part of his North Sea depletion policies. Under this arrangement Clyde's *output might be held back by* about two years.

But the Treasury is apparently being more hawkish; it is talking about holding up the project for five years, largely, it seems, because in the interim it is not anxious to see BNOC investing heavily and diluting its earnings.

The Corporation could be heading for fresh controversy as a result of its decision to consider a possible involvement in the chemicals industry. Up to now BNOC has deliberately steered well clear of downstream, processing activities, arguing that there is more money to be made out of *producing and trading crude oil.*

"Although I haven't been at this game long, it seems that the downstream oil business doesn't pay off. So I cannot see us having our own petrol pumps. But I have a sneaking suspicion that this situation may not be true in chemicals."

Consequently, BNOC is considering capitalising on its access to the natural gas liquids — ethane, propane and *butane — which could be used* for the modernisation and expansion of the UK chemical industry. Through its equity holdings in offshore fields, royalty handling arrangements and its state participation deals with all other producers, BNOC expects to handle about two-thirds of all these gas liquids from the £1.1bn North Sea gas gathering pipeline network once it is on stream in the mid 1980s.

'I cannot see us having our own petrol pumps'

"This is a very interesting project and clearly we will have a position. We have a powerful position with these liquids and we shall use that position to produce the best commercial answer compatible with our interests and the national interests."

It appears that two possibilities are being considered, tentatively, within the Corporation. BNOC, a trader of crude oil on a world scale, may set up a gas liquids trading organisation. Or—more controversially—it may take a stake in an ethylene plant based on BNOC's gas liquids feedstock; in this case it would almost certainly have to take on board an experienced chemical company as a partner. *Under this second* alternative BNOC would find itself in the position of being a *trader of ethylene, a basic* chemical building block.

If BNOC did decide to enter the chemical industry—and Mr. Shelbourne pointed out that there were many different possibilities—it would be tantamount to diving into already turbulent waters. There is already considerable competition for the available North Sea gases from established UK ethylene producers—ICI, Shell, BP and Esso—and from those endeavouring to begin UK ethylene manufacturing, such as Occidental Petroleum, Dow, and a new Scottish group, Highland Hydrocarbons.

Gradually Mr. Shelbourne is setting his stamp on the state oil corporation although not in the personal style of Lord Kearton. "The Corporation is running very well. The less it is interfered with, the better I *am pleased," he commented.*

But he is deliberately driving into new, overseas exploration areas. In recent months the Corporation has obtained drilling concessions in France and Dubai. An attempt to drill in Irish waters has been halted by the Government because of the Foreign Office's concern about *the implications for the offshore* boundary dispute which is still dragging on between Britain and Ireland.

Mr. Shelbourne sees BNOC's overseas excursions as a necessary step in securing long term oil supplies for the UK. As he says: "North Sea oil will not be available in profusion for all time. We will have to find oil somewhere else. It would be a shabby job to maximise BNOC profits and then make a run for it."

BNOC'S DIRECT OIL STAKES

Field	Operator	Estimates of: BNOC share of remaining recoverable reserves (million barrels)	Year of first production	BNOC equity (%)
Thistle	BNOC	89	1978	18.9
Dunlin	Shell	27	1978	9.8
Ninian	Chevron	250	1978	22.2
Statfjord	Mobil (Norway)	162	1979	33.3
Murchison	Conoco	105	1980	33.3
Beatrice	BNOC	45	1981	28.0
Brae	Marathon	49	1983	20.0
Hutton	Conoco	52	1984	20.0
*Clyde	BNOC	63	?	51.0

* Industry estimates

Source: BNOC Annual Report, 1979

Letters to the Editor

Electricity supply

From Mr. G. Rufford

Sir,—I think it rather unfortunate that the resignation of Sir Francis Tombs from the Electricity Council should have been orchestrated so as to leave the public with the impression of an industry in disarray and demoralised because of the Secretary of State for Energy's decision not to create another massive unitary corporation merging the 13 statutorily independent Boards which make up the electricity supply industry in England and Wales.

It is also highly disturbing that those who have a responsibility for informing the public about situations of this kind parade opinion disguised as fact, and so readily reach for the Plowden committee's recommendations as a way forward, without appreciating that in making these recommendations the committee relied heavily on organisation theory, and made no attempt to quantify the costs and benefits associated with extending the centralist disease and bureaucratic blight which has become so widespread in our nation's affairs, particularly in the public sector.

So often, rather sterile arguments about economy of scale, improved efficiency, rationalisation, harmonisation and the assumption that modern management knows how to delegate are thrust forward as a justification for going national. Little regard is given to the strengths and benefits of regional and local diversity or to the evidence which indicates that delegated cost centre administration within a unitary corporation does not encourage the sort of motivation and accountability which leads to low cost operational behaviour and the development of entrepreneurial skills.

I am not, however, seeking to stimulate further debate about the future shape of the electricity supply industry because it has been decided there will not be further engrossment and I believe the following summary highlights the reasons for retaining the existing federal structure: the continuance of self-motivating profit centres and the essential stimulus which this gives to the efficient use of resources; regional responsibility for customer and industrial relations. Unless this is retained at regional level, matters which ought to be settled in the light of local circumstances and costs will float upwards, inviting more and more central intervention; and the present arrangement constitutes an effective counterbalance against tendencies towards over-centralisation and bureaucracy inherent in a unitary corporation.

Against that background, and with a good working knowledge of the electricity business at all levels, may I seek to assure readers that morale and commitment throughout the industry are of a high order, and there is no wide-ranging striving on the part of management and/or staff for unitary corporation status. Of equal importance to customers is the view that there is a considerable cost advantage in continuing to give statutory emphasis to devolution which helps to enrich and strengthen management and staff participation in terms of variety, innovation and opportunity.

I suggest that Sir Francis Tombs' successor will find an unprecedented determination by the boards to work together on the strategically important issues and a genuine willingness to interchange ideas about best practices as applicable to their local circumstances. The industry will miss someone of Sir Francis Tombs' stature, but let us hope that the view that the big pyramid concept leads to improved efficiency and cost effectiveness is now of the past.

G. W. Rufford
(Board member, Eastern Electricity),
*High Trees,
Great Bealings,
Woodbridge, Suffolk.*

Organising energy

From Mr. N. Jenkins

Sir,—What Sir Francis Tombs has resigned from is not so much a hamstrung Electricity Council as an industry that is in an untenable energy position. Had the Plowden proposals been accepted there might have been a possibility of setting up an Energy Council in place of the Electricity Council.

The Electricity Council has influenced all our major energy decisions over the last 23 years on the assumption that electricity will always be the major factor. De-centralised countries have shown that co-ordinated energy based on the *primary* production and distribution of heat is of greater significance *in economic use of all resources* including primary fuels.

The continuing fall in electricity consumption—indicating much more than the impact of the recession—shows that we do not need the generating capacity proposed for the nuclear programme. That is based on the supposition that by the time it is complete the large coal-fired plant will be obsolete and nuclear cheaper than the obtainable coal. While prospects for combined heat and power (CHP) are obstructed by the gas and electricity industries a supposition based on nuclear cost is far too much a gamble.

Where local energy authorities have been given the overall job the consumer gets the cheapest energy anywhere. The recent World Energy Conference was held in Munich where the municipality operates a complete local service utility including supplying 300 km of hot water distribution mains. There are over 100 towns and cities operating some 3,000 district heating networks serving millions of people in Europe.

CHP is virtually disregarded in the UK. But the electricity supply industry is losing faith in its own arguments and is leaving a vacuum that only a complete energy-based re-organisation can fill.

Norman Jenkins.
*Whitehill, Ewshot,
Farnham, Surrey.*

The rating system

From Mr. A. Nelson

Sir,—I had not expected to find myself in broad agreement with a correspondent from the Inland Revenue Staff Federation. It was, therefore, with some surprise that I found myself concurring with most of the observations of Mr. Willman (October 13).

Do we want a system of local taxation based on income or on property? For my own part I do not believe that an income-based system would be any more equitable than a property-based system. Many people and businesses would pay in more than one area *differing sums on* the same income, and one can think of other problems and anomalies in an income based system.

Should we perpetuate any system where the bulk of the revenue is derived from those who have no votes in the area where the revenue is collected and expended, namely from businesses? This suggests that serious consideration be given to a local voting system which would involve a business vote, and I suggest that the sooner this is given effect the better.

A. W. Nelson
*Hedgerows, Orchard Road,
Pratts Bottom, Kent*

Battling with Vatman

From the Estimating Director, ACT Construction.

Sir, — Justinian's comments (October 13) concerning the Commissioners' of Customs and Excise unsuccessful High Court Appeal before the Master of the Rolls make interesting reading. We can assure you that no "Ben Travers type farce" was intended at the outset of our prolonged battle with the "Vatman."

Our original approach in deciding whether works of underpinning were to be given the accolade of positive or zero rating was sublimely simple: We were, and still are, providing totally new foundations in a position where no previous foundations existed — i.e., new works or an alteration thereby deemed to be zero rated. As far as we are concerned we were not repairing the existing foundations and you cannot maintain something that did not exist before!

Leaving aside the construction of words and phrases from the 1972 Finance Act, the fundamental issue is one of cost. "Mr. Average" is caught in the spiral of inflation, and any decision that can remove a 15 per cent burden from those unfortunate enough to require their property to be underpinned, cannot be a bad thing. One would further hope that the result would also help the insurance companies in stabilising household policies.

To the contractor, value added tax and its implementation (including the fact that it is a tax where the individual company does all "legwork" and deductions at source for the Commissioners) is a veritable labyrinth. One particular example is that if we are contracted say, to fit bedroom furniture in a property then that is liable for tax.

If, however, we make and fit these same units (rather than "off the peg") then they would be zero rated. That is a simple example of the anomalies facing us constantly. What is needed: other than the demise of value added tax, is quite simple—either all works of construction and building are positively rated or zero rated. Then we, the general public, will know where we stand. Quite possibly, however, that would be too simple in this over-bureaucratic age.

It is also worth remembering that works of construction, alteration and demolition are zero rated not exempt (there zero does equal 1) so legislation can be passed to make zero anything the Commissioners so desire.

C. J. Fuller,
*Hawley Manor, Hawley Road,
Dartford, Kent*

Corporate planning

From Mr. G. Hutchings.

Sir, — I have recently completed a project which involved visiting 33 small public companies (market capitalised between £½m and £4m) and talking to either the chairman or managing director about many aspects of their firms.

I was alarmed by the results of my interviews. Although some of the concerns were run in a professional manner, the majority existed from day to day, living in hope that trade would improve naturally and return to the halcyon days of previous years generations. It was obvious that many companies could benefit from a strengthened (or even installation) management accounting system or a marketing function. The main criticism, however, must be for the almost ubiquitous absence of any form of long-term corporate objective and corporate strategy.

Increasing worldwide competition, rapid technological advances, greater understanding of overall marketing concepts, the natural demise of certain industries, as well as a troubled economic climate, more than ever before necessitate a board member being allocated the responsibility for the role of corporate planning if the enterprise wishes to survive and prosper.

Many concerns were involved in a dying or static industry, but all seemed destined and content to remain, and follow the industry pattern. Most managements were so busy fighting an *internal losing battle, they had* no time, inclination or significant knowledge to step outside and examine alternative uses of their company's skills and expertise in growth markets. Only three or four had taken an unbiased look at their industry prospects and situation, had examined their strengths and weaknesses, had assessed future market conditions and trends, had analysed alternative strategies, and few had any specific idea of the sort of corporate body they would like to exist as in five or 10 years' time.

I believe that a contributory factor to the present dismal state of many small public companies is the lack of corporate planning ability of many boards *of directors* over the past 10 years. If this functional skill is not developed or instigated *immediately within many such* firms there is likely to be a plethora of dissatisfied shareholders *or extinct small public companies.*

Gregory Hutchings.
40, Queensgate Terrace, SW7.

Today's Events

GENERAL

UK: Lord Soames, Lord President of the Council, speaks at Institute of Directors annual dinner, London Hilton.

Mr. James Prior, Employment Secretary, Mr. Arthur Scargill, National Union of Mineworkers, and Mr. Walter Goldsmith, Institute of Directors director general, are among speakers at conference on Employment Act 1980, London.

Mr. Patrick Jenkin, Social Services Secretary, addresses conference on the future of mental hospitals.

Conference on EEC transport policy, Liverpool.

Assistant Master and Mistresses conference opens, Southport.

Trades Union Congress liaison committee meets, London.

National Union of Agricultural and Allied Workers discusses claim for 100 per cent pay rise, Ministry of Agriculture, London.

Duchess of Kent speaks at 25th anniversary Woman of the Year lunch, Savoy Hotel, London.

Conference on trading opportunities with Hungary, Building Centre, WC1.

Overseas: EEC Economic and Finance Ministers meet in Luxembourg to discuss recycling of petrodollars, energy and the economy.

The Queen and Duke of Edinburgh visit Palermo.

International Atomic Energy Agency discusses nuclear power plant safety, Stockholm (until October 24).

PARLIAMENTARY BUSINESS

House of Lords: Committee stages of Broadcasting Bill, Highways (Road Humps) Bill, and Ground Game Bill.

OFFICIAL STATISTICS

Industrial and commercial companies appropriation account: net acquisition of financial assets and net borrowing requirement for the second quarter. Provisional figures of retail sales for September. New construction orders for August.

COMPANY MEETINGS

See Financial Diary on Page 17.

COMPANY RESULTS

Final dividends: Attock Petroleum. Bryant Holdings. London Scottish Finance Corporation. Interim dividends: Bishopsgate Trust. Feb International.

UK COMPANY NEWS

Call for probe into Meyer share dealings

BY JOHN MOORE

Mr. John Douglas, managing partner of stockbrokers McAnally, Montgomery and Co., wrote to the Stock Exchange Council on Friday requesting a probe into the share dealings of Montague L. Meyer, the timber group.

He has made the move after hectic dealing in Meyer's shares last week and the disclosure that McAnally, Montgomery was on the point of buying a large stake in the timber group on behalf of clients.

Mr. Douglas said yesterday that a deal was planned for the purchase of around 5 per cent, which "was certainly within any new guidelines laid down for dawn raids."

"I have written personally to the stock exchange saying that a false market was created in the shares by the misinformation which was bandied about for motives which might have been less than pure," said Mr. Douglas.

He added that the clients that his firm were acting for have withdrawn from their intention of acquiring their stake "because of the leak, which became much magnified."

CALGARY & EDMONTON

At a meeting directed by the High Court, shareholders of Calgary and Edmonton Land Company, in voluntary liquidation, approved by 170,748 votes to 1,885 a scheme of arrangement whereby the company will be taken out of liquidation. This decision will go back to the High Court, for legal ratification.

Anglo Metropolitan Holdings owns approximately 95 per cent of Calgary.

BOARD MEETINGS

The following companies have notified dates of Board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether dividends are interims or finals and the sub-divisions shown below are based mainly on last year's timetable.

TODAY

Interims:—Bishopsgate Trust, Brook Street Bureau of Mayfair, Fab International.

Finals:—Bryant, London Scottish Finance.

FUTURE DATES

Interims:—	
Border Breweries (Wrexham)	Oct. 29
Clarke (Clement)	Nov. 4
Coats Patons	Oct. 30
Dorrington Investment	Oct. 28
Hoveringham	Oct. 22
Miller (Stanley)	Oct. 23
Minster Assets	Oct. 24
Nineteen Twenty-Eight Inv. Tst.	Oct. 29
Scottish Ontario Investment	Nov. 7
Spirax-Sarco Engineering	Oct. 24
Finals:—	
CLRP Investment Trust	Oct. 28
Higsons Brewery	Nov. 11
Smart (J.) (Contractors)	Oct. 23

Allebone back in the red at interim stage

For the first six months to July 31, 1980, Allebone and Sons, footwear maker and retailer, incurred a loss of £119,000 against a £68,000 loss in the same *period last year. Again no* interim dividend is being declared.

Mr. A. Allebone, chairman, says the level of retail sales during pre-Christmas trading will largely determine results for the year. At the end of 1979-1980, the group had recovered to a pre-tax profit of £295,000 and paid a 1p *final* dividend.

Turnover for the half year amounted to £6.49m *against* £6.95m. The loss is after deducting interest of £216,000 (£206,000). There is again no tax charge and after crediting an extraordinary item of £149,000, an amount of £30,000 (£68,000 deficit) is retained.

YOUGHAL CARPETS

The directors of Youghal Carpets have decided to pass payment on the 7½ per cent and 8 per cent preference shares.

Brigray deficit increased

Despite a return to profitability in the first half, albeit only £3,000 against a £1,000 loss, Brigray Group, manufacturer of clothing and jersey fabrics, finished the April 18, 1980, year with losses of £145,631 against £86,719. Turnover was unchanged at £2.32m.

There was no tax charge compared with a £81,497 credit last time, and loss per 5p share is shown as 1.7p (0.07p).

No dividends have been paid since September 1974.

Last month the directors said it was their intention to rationalise *group activities and* then to develop a policy of internal and external expansion. An early return to profitability was expected.

M. J. H. Nightingale & Co. Limited

27/28 Lovat Lane London EC3R 8EB — Telephone 01-621 1212

£000's capitalisatn.	Company	Last price	Change on week	Gross Div (p)	Yield %	P/E
2,370	Airsprung	41	− 5	6.7	16.3	2.4
575	Armitage and Rhodes	23	+ 1	1.4	6.1	9.5
10,509	Bardon Hill	172	+ 1	9.7	5.6	6.5
740	County Cars 10.7% Pf.	74	—	15.3	20.7	—†
7,308	Deborah Ord.	95	+ 2	5.5	5.8	4.7
4,424	Frank Horsell	118	− 2	7.9	6.7	3.7
9,390	Frederick Parker	65	− 1	11.0	16.9	3.0
1,703	George Blair	80	− 1	3.1	3.9	—
2,125	Jackson Group	85	+ 4	6.0	7.1	3.2
16,836	James Burrough	122	—	7.9	6.5	10.0†
3,162	Robert Jenkins	310	—	31.3	10.1	—
3,338	Torday	217	—	15.1	7.0	3.7
2,457	Twinlock Ord.	11½	+ 0½	—	—	—
2,239	Twinlock 15% ULS	82	+ 2	15.0	18.3	—†
6,256	Unilock Holdings	41	− 3	3.0	7.3	6.3
12,507	Walter Alexander	99	− 1	5.7	5.8	5.5
5,601	W. S. Yeates	240	—	12.1	5.0	3.9

† Accounts not prepared under provisions of SSAP 15.

FINANCE FOR INDUSTRY TERM DEPOSITS

Deposits of £1,000-£50,000 accepted for fixed terms of 3-10 years. Interest paid gross, half-yearly. Rates for deposits received not later than 31.10.80.

Terms (years)	3	4	5	6	7	8	9	10
Interest %	13	13	13	13	13	13	13	13

Deposits to and further information from The Chief Cashier, Finance for Industry Limited, 91 Waterloo Road, London SE1 8XP (01-928 7822, Ext. 367) Cheques payable to "Bank of England, a/c FFI." FFI is the holding company for ICFC and FCI.

FT Share Information

The following securities have been added to the Share Information Service appearing in the Financial Times:

Genoa Oil (Section: Oil and Gas).

Kitchener Mining (Mines-Australian).

United Electronic (Electricals).

SPAIN

1980 High	1980 Low		Oct. 17 Price %
252	203	Banco Bilbao	252
282	217	Banco Central	282
220	203	Banco Exterior	217
241	200	Banco Hispano	241
137	117	Banco Ind. Cat.	125
175	141	Banco Madrid	141
284	237	Banco Santander	284
190	132	Banco Urquijo	132
261	208	Banco Vizcaya	261
248	200	Banco Zaragoza	248
123	75	Dragados	110
73	58	Espanola Zinc	71
66	53.2	Fecsa	64.2
40	23.2	Gal. Preciados	32.5
71.7	58.7	Hidrola	68.2
68.2	57.5	Iberduero	65.5
123	100.7	Petroleos	113
92	59	Petroliber	88.5
115	102	Sogefisa	102
65.5	51.5	Telefonica	63
70.5	58.2	Union Elect.	68.7

BIDS AND DEALS

Mining Supplies prepared to talk with L. Scott

Mr. Arthur Snipe, chairman of Mining Supplies, the Doncaster company which is bidding for Laurence Scott, the electrical machinery and control gear maker, has denied that he has refused to meet the Scott directors for discussions on the logic of the bid. Mr. Snipe said he had always been ready to meet with Scott but all his attempts at this had been rejected by the Norwich company.

The bid has drawn a cool response from Scott. Their advice to shareholders was that the share exchange element should be rejected but they admit that in view of *forecast* losses for Scott in the current year, the 60p per share cash alternative was not unreasonable. Their third suggestion was that holders do nothing.

Two large holders of Scott shares are Adwest with 7.64 per cent and Prudential Assurance with 5.47 per cent.

Mr. Frank Waller, chairman of Adwest, said yesterday that he was not interested in the bid at the moment and the company was going to hold on to its Scott shares

The closing date for the offer is next Wednesday, October 22.

LEY'S FOUNDRIES-GEORGE FISCHER

Ley's Foundries and Engineering and George Fischer Group have reached agreement on terms whereby George Fischer will acquire Leys' 50 per cent interest in the share and loan capital of Leys George Fischer (Lincoln) for a nominal consideration.

Fischer a wholly-owned subsidiary of George Fischer. In view of the change in trading conditions since the formation of Leys George Fischer, Ley's consider that it is no longer in their best interests to continue participation in the joint company.

OCEAN IN NEW BANDAG DEAL

Ocean Cory Trading, a subsidiary of Ocean Transport and Trading, has acquired Tyre Retreading (Scotland), the Bandag franchise holder for Scotland.

Bandag Inc. of America, owns the world's leading tyre retreading system and has franchise dealers *in over 90 countries.* Its cold process guarantees a retread tyre life at least equal to new tyre mileage, by bonding a pre-cured tread to first grade casings at low temperatures and pressures.

Ocean Cory already holds the Bandag franchise for England and Wales and the Republic of Ireland through the Bandag Tyre Company, Wigan and Suttons, Cork.

Tyre Retreading (Scotland) has been the Bandag franchise holder for 12 years. It has a factory and office in Cumbernauld, Glasgow, and employs 20 people.

The acquisition continues Ocean's development into the commercial tyre retreading business.

Ocean Transport and Trading is an international shipping, transport and distribution group.

UK PURCHASES FOR PETROLANE

Two UK companies engaged in the marketing and distribution of LPG, Heron Easygas and Golden Gas, have been acquired by an affiliate of Petrolane Inc. of the U.S. on undisclosed terms.

SANGERS

Sangers Group, the pharmaceutical and photographic wholesaler and optical retailer, has sold its retail grocery business in Northern Ireland for some £700,000 cash. This does not affect the group's other pharmaceutical and food interests in Northern Ireland.

TANJONG BID UNCONDITIONAL

The offer by Tien Ik Enterprises for Tanjong Tin Dredging is unconditional and remains open until November 3. Accept*ances have been received from* holders of 283,061 shares, lifting Tien Ik's holding to 994,061, or 66.86 per cent.

C.N.C. PURCHASE

Clarke, Nickolls and Coombs has completed the acquisition of 49.18 per cent of the issued shares of CNC (Benfleet).

JOSEPH WEBB

Mr. J. W. Webb, director, and his wife, Mrs. D. K. Webb have disposed of a total of 75,000 shares in Joseph Webb.

SHARE STAKES

Caledonia Investments—The Kuwait Investment Office acquired a further 5,000 ordinary shares and now holds 974,500 shares (5.54 per cent).

Brunner Investment Trust—As a result of recent purchases the interest of Sun Life Assurance Society has increased to 1.65m shares (5.2 per cent).

Fobel International—Mr. J. I. Joseph, director, disposed of 25,000 shares. Mr. A. J. Leboff, director, acquired 25,000 shares.

Blundell-Permoglaze Holdings—Britannic Assurance Co. has *acquired further shares which* bring their total holding to 705,000 (11.069 per cent).

Scottish Utd. Investors ahead to date

Gross revenue of Scottish United Investors improved from £3.78m to £4.42m in the nine months to September 30, 1980, and net revenue was higher at £1.91m compared with £1.65m in the same period last year.

The net revenue is struck after all charges and tax. Net asset value amounts to 100.4p against 78.5p at December 31, 1979.

Bleak outlook at Neepsend

"The best we can hope for is to break even in the current year", Mr. Stanley Speight, chairman of the Neepsend steel group, told shareholders at the annual meeting.

Unless there was a dramatic change, there was unlikely to be any improvement in the group's markets, the chairman said.

But Mr. Speight stressed that given all the actions being taken, the directors firmly believed that the group would survive the current very difficult times.

Sheffield Brick down to £6,000

Taxable profits of the Sheffield Brick Group dropped in the first half of 1980 from £24,000 to £6,000 despite turnover increasing by over £500,000 to £2.4m.

The interim dividend is being maintained at 0.75p net—last year a final of 1p was paid from pre-tax profits of £2,000.

The company manufactures and supplies builders' materials and ironmongery.

Guildhall Prop.

Despite taxable profits of the Guildhall Property Company rising from £810,607 to £900,831 in the year to end-June, 1980, they have fallen short of the directors' forecast.

At mid-year, with pre-tax profits ahead by £113,130 to £491,680, they foreshadowed a surplus for the 12 months of over £950,000.

However, the total dividend is being raised from 4.035p to 4.65p net with a final of 3.9p.

Tax for the year was up marginally from £405,590 to £438,400 leaving stated earnings per 25p share of 7.4p, compared with 6.46p.

Guildhall owns industrial property, mostly freehold factories, in North West London.

HOSPITAL FINANCING

M. J. H. Nightingale and Co. announces that the £1.4m financing for the West Yorkshire Independent Hospital has been completed. It achieved it with the ordinary share subscription exceeding the £300,000 basic requirement—making the issue oversubscribed.

Catlin in loss at nine months—Wix (UK) closing

A DETERIORATION in trading during the third quarter has left Catalin, maker of industrial resins and resin-treated papers, with losses before tax of £75,000 for the nine months to the end of September, including redundancy costs of £14,000.

Although fourth quarter sales prospects are slightly better, say the directors, there will be increased costs and, following the reorganisation of the management team in September, additional redundancy payments. Catalin's pre-tax profit for the *whole of 1979 was £427,000.*

The nine months' figures exclude the results of Wix Corporation (UK), in which Catalin is a partner with Wix International Corporation of the U.S. and which will cease manufacturing on October 31. This will result in additional temporary costs for Catalin.

In the 10 months to October this year the pre-tax trading loss of Wix (UK) including redundancy costs of £70,000, is likely to be £390,000, of which Catalin's share is a loss of £197,000. At halfway the loss was £215,000 including £9,000 redundancy costs, £109,000 of which was attributable to Catalin.

The total write-off will not be more than £390,000, say Catalin's directors, on which estimated tax relief will be about £125,000.

Catalin plans to acquire some of the assets of Wix (UK) and continue to trade in certain automotive and industrial filters and battery separators.

E. Elliott profits drop to £63,000

Turnover of E. Elliott, moulder in plastic and optical goods manufacturer, rose from £5.6m to £6.35m for the year ended March 31, 1980, but taxable profits dropped to £63,763 compared with £291,914.

And the final dividend has been omitted, leaving the year's total at 1p net per 25p share against a previous 3.5p.

At the halfway stage, with profits behind at £37,000 (£104,000), the directors said that the full-year surplus would fall short of 1978-79, although it was envisaged that a considerable improvement would be achieved in the second half of the year.

After the six months' tax of £44,913, *against* £96,883, net profit came through at £18,850 (£195,031) giving earnings per share of 0.91p compared with 9.37p.

Mr. G. C. Allman has been appointed to the Board.

Lower profits anticipated by FC Finance

Although new business in 1980 is ahead of the levels achieved in the same period of 1979 Mr. P. J. Paxton, the chairman of F.C. Finance, tells shareholders in his interim report that he does not anticipate a return to profitability until the last quarter of the year after taking into account the impact of all aspects of the current economic recession.

As already known, the company incurred a pre-tax loss in the first half of 1980 of £440,000 (£410,000 profit) and omitted the interim dividend (1.1p net). For the whole of 1979 taxable profits of £430,000 (£1.53m) were announced.

The chairman forecasts a level of profitability in the second half of the current year which will help offset the first-half loss.

However, with little likelihood of money rates moving downwards materially in the second six months, he does not anticipate matching the level of *profits reported* in 1979.

F.C. Finance's principle activities include instalment financing of motor vehicles and farm and industrial equipment. Its ultimate holding company is the Co-operative Wholesale Society.

WINDING-UPS RESCINDED

Compulsory winding-up orders made on October 6 against W. Farley and Co. and John Wischhussen have been rescinded by Mr. Justice Slade in the High Court. Both petitions were dismissed by consent.

LOCAL AUTHORITY BOND TABLE

Authority (*telephone number in parentheses*)	Annual Interest gross interest	pay-able	Minimum sum	Life of bond
	%		£	Year
Knowsley 051 548 6555	13½	½-year	1,000	4-5
Redbridge 01-478 3020	13¼	½-year	200	5-6

INTERNATIONAL CAPITAL MARKETS

INTERNATIONAL BONDS — BY FRANCIS GHILES

Market buoyant despite uncertainties

A WARNING on Thursday by Dr. Henry Kaufman of Salomon Brothers that long-term bond yields would remain in double figures had its usual effect on both the U.S. domestic bond market and the Eurobonds market. In the Eurobond market, however, reactions varied: while many houses in Continental Europe showed signs of panic, marking down seasoned bond prices by as much as 1 per cent on Friday morning, *London-based houses* reacted more calmly.

Some of the UK houses bought up the *paper their European* colleagues were selling — though it must be emphasised that the selling pressure never was that great.

The first three days of the week had brought smiles back to the faces of many dealers: turnover was good and with steady client buying interest, *opportunities to swap, or simply* to buy and sell, were plentiful. Prices of seasoned straight bonds posted gains of up to a full point, some of which they lost on Fri*day, however.*

One factor which brought great relief all round was the calendar of new issues, less than one-third of what it had been the week before. It also helped that most of the new issues were *accounted for by floating rate* notes and convertibles. Fixed interest rate dollar issues launched last week still look sickly.

There are but one or two straight bonds launched during the second week of October which have been placed in firm hands, and many dealers argue that the discounts offered in pre-market trading on some issues still underestimate the extent to which the lead managers *have failed to place* the paper.

Estimates as to how much of the fixed rate dollar paper issued since the beginning of the month has been placed in firm hands vary. Some *observers suggest less than* half. If this is so, it will come as no great surprise to the many dealers who are asking that new issues offer investors something worth buying.

A total of DM 470m-worth of foreign D-Mark bonds were launched last week, a figure which will be brought a little *higher if the DM 100m planned* issue for Venezuela is announced by WestLB.

Here again, all went well until Friday morning when Dr. Kaufman's remarks had the effect of a cold shower: prices of seasoned D-Mark issues slipped by about ½ point on Friday. The new issues launched *at the beginning of the week* enjoyed a good reception, but such was not always the case with issues launched later in the week. The Midland International Finance bond proved popular and was increased by DM 30m to DM 180m.

Foreign investors have returned to the foreign D-Mark market in the past two weeks, but domestic investors have *deserted it, attracted by the* higher yields they can obtain on domestic D-Mark bond issues.

However, DM 885m worth of bonds have been placed in the past month. The German Capital Market Sub-Committee meets today to decide on the new issue calendar for the next four weeks. Observers expect it to agree on a smaller volume than last month's, all the more so if it believes U.S. interest rates are headed up.

The Swiss franc sector was also unsettled following Dr. *Kaufman's remarks, but prices* ended the week rather mixed. Over the week, they posted gains of up to ⅜ of a point, as a result in part to the strengthening of the Swiss franc against the dollar. The steady stream of new issues continues, with SwFr 200m of paper being arranged last week.

The *latest* French franc bond is also the first public Eurobond issue for Westland *Utrecht, a name more familiar* in the D-Mark private placement sector. This borrower is arranging a FFr 100m five-year issue with a coupon of 14 per cent through Credit Commercial de France.

BREAKEVEN RATES FOR THE US DOLLAR

Currency	Over 5 years: Breakeven Rate	% Fall	Over 10 years: Breakeven Rate	% Fall
Deutsche Marks ...	1.4455	−19	1.1576	−35
Swiss Francs	1.1810	−28	0.7435	−48
Dutch Guilders ...	1.7615	−9	1.5194	−22
Yen	185.86	−14	156.71	−28
Pound Sterling ...	2.2269	+8	2.1256	+14

The table, prepared by Société Generale Strauss Turnbull shows future exchange rates implied by the current yield differentials between bonds of different currency. Thus D-Mark bonds are a better buy than dollar bonds provided that the dollar falls more than 19 per cent against the D-Mark over *the next five years. The fall over the last 2½ years has been* 13 per cent.

CURRENT INTERNATIONAL BOND ISSUES

Borrowers	Amount m	Maturity	Av. life years	Coupon %	Price	Lead manager	Offer yield %
U.S. DOLLARS							
‡†BNP	250	1988	7½	5¼Φ	100	BNP, CSFB	5.654Φ
‡UER O'seas Fin. NV	50	1988	7	13½	98½	CSFB	13.767
†Banca Nac. Argentina	25	1987	7	6Φ	100	Daiwa (Europe)	6.060Φ
‡§Tosco	50	1995	—	8	100	Kuhn Loeb, SBC Intnl.	8.000
‡NZ Forest Products	25	1988	8	12¾	100	Kidder Peabody, LBI	12.750
†Den Norske Creditbank	20	1990	10	6Φ	100	CSFB, Nordic Bank	6.183Φ
§Turbo Resources	25	1990	10	12½	*	Orion	*
†Soc. Gen. de Banque	100	1987	7	5¼Φ	100	CSFB, EBC, S.G. de B.	5.319Φ
Comm. Fed. de Elec.	75	1987	—	13	*	CSFB	
‡††EIB	100	1988	8	12¾	100	Merrill Lynch W.W.	13.156
‡††EIB	100	2000	13.1	13¾	99½	Merrill Lynch W.W.	14.034
Trailer Train	40	1992	7.55	13¼	100	Manufcts. Hanover	13.250
‡Austral. Res. Dev. Bk.	30	1983	3	12	99½	SBC Intnl.	12.209
‡Fed. Bus. Dev. Bk.	50	1985	5	12¼	100	Wood Gundy	12.250
†Telefonica Nac. Espana	50	1990	10	6Φ	100	BNP, Dillon Read	6.060Φ
§OCLI Intnl. Fin. NV	15	1995	—	9–9½	100	Orion, Bateman Eich	*
Abitibi Price	50	1990	10	13¼	*	Wood Gundy	*
§Moran Energy Intnl. NV	40	1995	15	8–8½	100	Smith Barney Bateman Eich	*
†Kleinwort Benson Fin. BV	50	1991	9	5¼Φ	100	Kleinwort Benson	5.918Φ
§Toyo Manka Kaisha	20	1996	15	8	100	Nikko Secs. (Europe)	3.000
D-MARKS							
B. Cen. Costa Rica	50	1985	5	10	100	DG Bank	10.000
‡EIB	200	1990	10	8½	99½	Deutsche Bank	8.577
‡Midland Intnl. Fin. Svs.	180	1990	10	8½	99	Deutsche Bank	8.653
**Tauern Autobahn	70	1990	10	8½	100½	Bayerische Hypotheeken	8.462
‡Japan Airlines	100	1987	7	8⅛	100	Deutsche Bank	8.125
ESCOM (g'teed S.A.)	100	1987	7	9¼	100	Dresdner Bank	9.250
**Eurofima	50	1987	7	8¼	100	Bayerische Landesbank	8.250
Indl. Bk. of Finland	50	1990	6½	8½	99½	BHF Bank	8.615
Asian Dev. Bank	100	1990	10	8¾	100	Deutsche Bank	8.750
SWISS FRANCS							
†Autopistas Aragon.	30	1990	—	6¼Φ	99	Soditic	6.593Φ
Oesterreichische Kbk.	100	1990	—	6⅛	100	Wirtschafts-und Privtbk.	6.125
**Dome Petroleum	100	1986	—	6	100	Credit Suisse	6.000
‡**§Sumitomo Elec.	50	1985	—	5⅛	100	Credit Suisse	5.125
‡Heron Intnl. Fin. BV	50	1990	—	6¾	100	B'que Keyser Ullmann	6.750
‡Enpetrol	50	1990	—	6½	100	UBS	6.500
‡**§Nitto Electric	50	1986	—	5⅛	100	SBC	5.125
LUXEMBOURG FRANCS							
‡**Sparbankernas Bank	250	1987	5½	11¾	100	Kredietbank (Luxem.)	11.750
‡**F.G. Hypotheekbank	250	1985	5	11½	100	Kredietbank (Luxem.)	11.500
GUILDERS							
Nationale Nederlande	60	1987	5½	10	99¾	ABN	10.051

* Not yet priced. ‡ Final terms. ** Placement. † Floating rate note. Φ Minimum. § Convertible. †† Registered with U.S. Securities and Exchange Commission. ¶ Purchase Fund. Note: Yields are calculated on AIBD basis.

CREDITS — BY FRANCIS GHILES

Mixed picture in Africa

ALTHOUGH NIGERIA joined the "below 1 per cent" margin club with a deal it signed earlier this month in Paris (a $50m eight-year loan arranged by Midland Bank France), many banks have strong doubts as to whether Nigerian borrowers will be able to arrange the $1.5bn worth of loans they are currently seeking on such fine terms. The bulk of these funds will be financial audits, the *balance buyers'* credits.

Paribas is sounding out the market with the view to mount*ing a $350m eight-year loan.* A similar size Coface-backed buyers' credit will run parallel with this loan and the French bank is believed to be offering the borrower a split spread of ⅞ and 1 per cent. No formal mandate has been awarded for the loan, which, as is the case with two others for the same project—the works on the Ajaokuta steel complex and new town—are currently being put together by Credit Lyonnais and Dresdner Bank. The CL package includes a *financial credit of $200m and* a Coface guaranteed credit of *little more than $100m.* Meanwhile, the loan being arranged by Dresdner Bank is expected to amount to $300m-400m.

Another $100m Nigerian loan, $73m of which was a financial credit, was signed in Paris recently. It was arranged by Credit Lyonnais, on a split spread of ⅞ and 1 per cent.

Nigeria's approach to the international capital markets has never been noted for its *orderliness: no banker who par*ticipated in the jumbo loan for the republic and the loan for the Warri steel project in 1977 will have forgotten that gruelling experience.

Another African borrower is currently making even more of a shambles of his borrowing, the Kingdom of Morocco. Late in August, the country's Minister of Finance said, at the signing of a $250m loan in Paris that Moroccan borrowers would not approach the market until the end of the year. Coming at the end of what was a difficult syndication for the $250m loan, bankers greeted his *comments with a sigh of relief.*

They were dismayed to find, *a month later, the* Banque Marocaine du Commerce Exterieure trying to launch another $250m eight-year operation for the kingdom's phosphate company, OCP. The terms of this loan are the same—a split spread of 1 per cent for five years rising to 1⅛ per cent—but few banks, other than a handful from France and one from the U.S. have so far consented to join in the *management group.*

Bankers who monitor Morocco closely point out that the current saga is a repeat of last year's events and one which makes raising money for the hard-pressed Moroccans even more difficult. They also question the wisdom of asking the BMCE to lead an operation for which, with little international muscle, it is ill equipped to handle.

Another African borrower, and a far less frequent visitor to the market, has meanwhile achieved a resounding success: the $250m loan for the Republic of South Africa can boast a *$73.5m sell down which, added* to the fact that four co-lead managers underwrote $20m each, has reduced the commitment of the five initial lead managers from $50m to around $20m.

The terms are generous—a margin of ⅞ per cent for two years rising to 1 per cent for the last five. The strength of that country's economy and the virtual absence of any syndicated credits in recent years are two factors behind this *success.*

The China Ocean Shipping Company (Cosco) has made its *first foray into the international* capital markets with a $25m five-year loan carrying a coupon of ½ per cent. This loan carries a guarantee from the Ministry of Communications in Peking. Cosco, which operates a fleet of about 500 ships is China's largest state-owned shipping company.

A mandate has been granted to Credit Lyonnais to arrange a 10-year $250m credit for the privately owned *Fuezraz Electricas de Cataluna.* The spread paid by the borrower is a split ⅞ *per cent for the first five years* rising to ⅞ per cent.

U.S. BONDS — BY IAN HARGREAVES

Kaufman triggers a reversal

THE FEDERAL Open Market Committee, the arm of the Fed which sets the central bank's credit market stance, meets tomorrow with another difficult week behind it. Money supply data released on Friday evening, showed a $5.1bn increase in M1-B and took both basic measures of money supply close to or above the Fed's long-range growth targets.

Between Monday and Wednesday, the market continued to enjoy its sprightliest rally for many weeks, but the slightness of the confidence underpinning this advance was evident when a routine speech by Dr. Henry *Kaufman, the Salomon Brothers* economist, on Thursday afternoon was enough to trigger a reversal.

Dr. Kaufman merely reiterated his view that with a *half-hearted battle against* inflation being waged in Washington, there is no foreseeable chance that either inflation or long bond yields will return to single figures.

His words were swiftly followed by the news that gross national product grew by 1 per cent in the third quarter, making the recession just passed the shortest on record, unless, as many believe, we are now in the middle of only a false dawn.

So, the Open Market Committee is looking at a valiantly growing economy, still very volatile money growth, and loan demand which has been strong *enough to allow the banks to* fix their prime rates rather aggressively.

Where does the Fed go from here? According to the economists at Chase Manhattan, the answer is as close to being unequivocal as economists ever get. "The Fed is very likely to decide another tightening move is required," they say, adding that even if no action is taken now, the market will merely believe the Central Bank has tactfully delayed a move until after the election.

Others have confidence in the fact that the Fed adopted a fairly easy stance last week, even though it would have known by midweek how bad the money supply figures were *going to be.*

It is evident, however, that the Fed now has little room indeed to manoeuvre in on interest rates—a fact which suggests there are slight prospects for *downward movements.* Indeed, the Fed would probably not be unhappy to see rates hold at roughly their present levels. Stability itself would be some kind of positive note on which to end this year of unprecedented credit volatility.

U.S. INTEREST RATES (%)

	Week to Oct. 17	Week to Oct. 10
Fed funds wkly. av.	12.59	12.01
1-month Treas. bill	10.40	10.85
3-month CD	12.45	12.55
Treas. 30-year bond	11.30	11.22
Long-term AAA util.	12.63	12.90
Long-term AA indus.	12.00	12.38

Source: Salomon Bros., estimates.

FT INTERNATIONAL BOND SERVICE

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Brit. Oxygen F. 10¾ 90	50	84	84½	0	−0½	13.75
CECA 11½ 88	100	94⅞	95⅜	−0½	+0¼	12.50
Citicorp O/S Fin. 10 86	300	89½	90	−0½	−0½	12.59
Con. Illinois O/S 9¾ 86	150	88⅛	88⅞	−0¾	−0⅜	12.64
Denmark 11¾ 90	100	93½	94	−0½	+0¼	12.89
Dome Petroleum 13½ 92	50	100⅝	101⅛	−0½	−0¾	13.31
EEC 11 85	75	88¾	88⅞	−0¾	+0⅛	12.73
EEC 11 95	70	87⅜	87⅞	+0⅛	−0¼	12.90
EIB 13¾ 90	100	102⅞	103⅜	−0⅛	−0⅜	13.12
Eksportfinans 9½ 87 ...	75	86⅜	87⅛	−0⅜	−0¼	12.43
Elec. de France 10 88...	125	88½	89	−0⅜	−0¼	12.32
Export Dv. Cpn. 12¾ 87	100	100⅝	101⅛	−0½	−0⅜	12.50
Export Dv. Cpn. 9½ 86	150	88⅞	89⅜	−0¼	−0⅜	12.42
Federal Dev. Bk. 12¼ 85	75	99	99½	−0½	−0¼	12.42
Fin. Exp. Credit 10½ 85	50	91⅛	91⅝	−0⅛	+0⅛	12.99
Finland Rep. of 9½ 86	100	86	86½	−0½	−0¼	13.17
Ford O/S Fin. 12⅜ 85	250	98½	99	−0⅜	+0⅛	12.95
George Weston 13½ 87	30	99⅞	100⅜	−0⅛	−0⅛	13.42
GMAC O/S Fin. 13⅜ 85	100	101⅞	102⅜	−0½	0	12.67
GMAC O/S Fin. 12 87	100	96	96½	−0½	−0⅛	12.84
Goodyear O/S 12½ 87	75	98⅛	99⅛	−0¼	+0¼	12.72
Hudson's Bay 11½ 90...	75	92⅞	93⅜	−0½	+0⅛	12.75
IBM Canada 10½ 85 ...	50	95⅛	95⅝	−0⅜	−0⅜	11.76
ICI Fin. Ned. 11 83 ...	100	96½	97	−0⅝	−0⅛	12.46
Int. Harvester 12¾ 85 ..	115	98¾	99⅛	−0⅜	+0⅛	13.04
McGraw 13½ 85	75	100⅞	101⅜	−0⅜	+0⅛	13.09
NorWest Ind. 13⅝ 87...	50	99½	100	−0½	−0⅜	13.63
Nova Scotia 10⅜ 90 ...	50	87⅞	88⅜	−0⅜	−0½	12.94
OKB 10 85	50	92	92½	−0⅜	−0⅜	12.22
Pembroke Capital 9⅝ 87	100	†88⅜	88⅝	−0⅞	−0½	12.70
Pemex 11½ 88 ...	100	91⅞	92⅜	−0⅜	−0⅛	13.16
Quebec Hydro 11½ 92...	100	89⅝	90⅛	−0⅜	−0⅝	13.20
Repsteel O/S 11½ 88 ..	100	88⅜	89⅜	−0⅞	−0⅛	13.91
Rovlease 11¾ 85	50	96	96½	−0⅝	−0½	12.31
SNCF 12¾ 85	50	100½	101	−0⅝	−0⅛	12.10
Sweden 12⅜ 85 ...	150	98⅝	99⅛	−0⅞	+0⅛	12.68
Swed. Ex. Cred 12½ 85	140	98⅛	98⅝	−0⅜	0	12.90
Transamerica 12¾ 83 .	50	97⅛	97⅝	−0½	−0⅛	13.50
UB Finance BV 11 90 .	50	86½	87	+0⅝	+0⅛	13.50
Unilever NV 9¾ 90 ..	100	85	85½	−0½	+0⅛	12.42
World Bank 9¾ 85 ..	200	91⅜	91⅞	−0⅝	+0⅛	12.17
World Bank 10⅜ 87	300	90⅝	91⅛	−0⅝	+0⅛	12.27

Average price changes.. On day −0½ on week −0⅛

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Australia 8½ 90	250	98¾	99¼	−0⅜	−0⅜	8.19
Austria Rep. of 8¾ 92	150	97⅛	97⅝	−0⅜	−0⅞	8.61
BFCE 7¾ 87	100	95	95½	−0⅜	−0⅜	8.73
BFCE 8½ 95	100	96	96½	−0⅜	−0⅜	8.57
CECA 7¾ 92	150	95½	95⅞	−0⅜	−0⅝	8.50
CII-Honeywell 8¾ 90 ..	125	98	98½	−0⅜	−0⅝	8.64
Denmark 7¾ 86	100	†96¾	97¼	−0½	−0⅜	8.56
Denmark 8¾ 92	100	†98½	99⅛	−0½	−0⅛	8.40
EEC 7¾ 94	225	94⅞	95⅜	−0½	−0⅞	8.48
Finland Rep. of 8 86 ...	150	96⅝	97⅛	−0½	+0⅛	8.67
Iberduero SA 9 90	100	†99½	100¼	+0⅛	0	9.01
Japan Dev. Bk. 7¾ 87	100	95½	96	−0½	−1⅛	8.46
Kobe, City of 8 90	100	98¼	98¾	0	−0⅛	8.22
Mt. Bk. Denmark 8½ 90	150	†97½	98¼	−0⅜	−0⅞	8.82
Norway 7½ 85	250	98¾	99¼	−0½	−1⅛	7.77
Nuclebras 9¾ 88	100	†98	98½	0	−0⅞	10.05
OKB 8¾ 92	150	97¼	97¾	−0½	−0⅜	8.59
Oslo, City of 8¾ 90 ...	80	100⅝	101⅛	−0⅛	+0½	8.60
Sweden 9¾ 87	200	†103¾	104¼	−1	−0⅜	8.89
World Bank 8 90	700	96½	97	−0⅜	−1	8.49
World Bank 7⅞ 90	250	95	95½	−0⅝	−0¼	8.64
World Bank 10 86	150	106⅞	107⅜	−1⅛	−2½	8.32
World Bank 10 90 ..	200	109½	110	−0½	+0¼	8.45

Average price changes .. On day −0½ on week −0¼

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Austria Rep. of 5¾ 90	100	100	100¼	+0¼	+0½	5.36
Beyer Int. Fin. 5¾ 92 .	100	100	100¼	+0⅛	+0⅛	5.23
Bergen, City of 6 90	50	102⅛	102⅝	−0⅜	+0½	5.68
BMW Overseas 4¼ 91	100	†89½	90	−0¼	+0⅞	5.52
Buhrm'n-Tetterode 7 90	40	†105	106	−0¼	+0⅞	6.21
Caisse Nat. Tele. 4¾ 89	100	93½	94	+0¼	+1⅜	5.28
Copenhagen Tele. 5¾ 90	60	96	96¼	−0⅛	+0¼	6.29
Denmark 5¾ 90	90	98	98¼	0	+0⅛	6.01
EIB 4¾ 94	100	85½	85⅝	−0¼	+1⅞	5.94
Elet. de France 4¾ 89	100	91½	91¾	−0¼	+0⅛	5.61
Elet. de France 5¾ 90	100	97¾	98	+0¼	+1	5.53
F. G. H. Hypo. Bk 6 90	50	†102½	103	−0¼	+1	5.62
Finland Rep. of 5¾ 90	80	95¼	95½	+0⅛	+1	6.27
GZB 4¾ 89	100	†87¼	87¾	−0¼	−0¼	6.09
Int.-Amer Dev. 4½ 89	100	91¾	92	−0⅜	+0⅝	5.70
Int.-Amer. Dev. 7 90 ...	80	104⅞	105⅛	+0⅛	+0⅛	6.28
Jutland Tele. 5½ 90 ...	50	†97	97½	0	−0⅛	5.89
Mt. Blanc Tunnel 5½ 90	60	99¾	100	+0½	+0⅜	5.51
Newag 5¾ 90	80	100⅞	101⅛	0	+0½	5.61
Nippon Tel. & T. 4¼ 89	100	93½	94	−0¼	+2	5.12
Norges Komm 4¾ 91 ...	100	86	87¼	−0¾	−0¼	6.01
OKB 4¾ 91	100	†86½	87	0	+0¼	6.06
OKB 6 90	100	102	102¼	−0¼	+0⅜	5.70
Oslo, City of 4¾ 91 ...	100	87¾	88	+0⅛	+1½	5.90
Philips Lamps 5¾ 92 ..	100	98¾	99	+0⅜	+1	5.38
Sekisui Pre. Hms. 6 90	80	102	102¼	0	−0⅛	5.70
Shikoku El. Pwr. 4¾ 89	100	92½	93	−0⅞	−0⅛	5.82
Trade Dev. *Fin.* 6⅛ 90	50	97½	97¾	−0½	−0⅛	6.45
Voest-Alpine 5¾ 90 ...	80	99¼	99½	+0¼	+0⅜	5.83
World Bank 4¾ 89	150	†88½	89	+0⅜	+0⅛	6.04

Average price changes... On day 0 on week +0⅜

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Australia 5.6 83	30	90⅞	91⅜	−0¼	+0⅜	9.05
Australia 8½ 88	20	87½	88½	0	+0⅛	8.76
EIB 7¾ 89	12	†95¾	96¾	+0¼	+0⅜	8.36
Finland 5.6 83	10	90	90¾	−0¼	−0¼	9.36
Finland 8.8 88	10	87⅛	87⅞	0	−0⅛	9.19
Finland, Rep. of 8¾ 87	15	95⅞	96⅛	−0⅞	−0⅛	9.14

Average price changes... On day 0 on week 0

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Bell Canada 10¾ 86 C$	60	94	94¾	+0½	+0¾	12.72
CIBC 13½ 85 C$ ...	50	100¼	101	+0½	+1¼	13.25
CIBC 11½ 86 C$	60	94⅞	95⅝	+1¼	+1	12.86
Federal Dev. 11½ 90 C$	60	89½	90½	+1¼	+1½	13.37
Fst. Can. Inv. 10 84 C$	50	90⅝	91⅞	+0½	+0⅝	13.17
GMAC 12 85 C$	50	†95½	96½	+1½	+1½	13.15
R. Bk. Canada 10 86 C$	40	92¾	93¾	+0⅛	0	11.75
Tordom Con. 13½ 85 C$	30	100⅜	100⅞	+0⅜	−0⅛	13.25
M. Bk. Dnmk. 9 91 EUA	25	93¾	95	0	0	9.85
SOFTE 8¾ 89 EUA ..	40	89	90¼	+0¼	+0⅛	10.11
U. Bk. Nrwy 9½ 90 EUA	18	99¼	100¼	−0¼	−0¼	9.52
Algemene Bk. 10¼ 87 Fl	400	100¼	100¾	−0½	−0⅜	10.12
Bk. Mees & H. 10 85 Fl	75	101⅛	101⅝	−0⅛	+0⅛	9.57
F. G. Hypo 9¾ 87 Fl .	60	96¾	97¼	−0⅛	−0⅛	10.37
Heineken NV 10 87 Fl	75	98¾	99¼	−0⅜	−0½	10.19
Nat. Inv. Bk. 10 87 Fl..	75	99	99½	−0⅛	−0¼	10.14
Nat Neder 9½ 87 Fl .	60	96⅝	97⅛	−0⅛	−0⅜	10.14
Neder Mdn Bk 10 85 Fl	75	100⅞	101⅜	−1⅞	−1⅞	9.69
Aero Paris 13⅛ 87 FFr	150	98	99	−0½	+0⅛	13.45
CECA 14¼ 86 FFr	150	102¼	103¼	0	+0⅛	13.45
Finland 11 84 FFr	80	91¼	92¼	−0¼	−0⅛	13.82
Finland 11½ 89 FFr .	70	89¼	90¼	−0½	+0⅛	13.54
Gaz de France 11 84 FFr	150	92⅞	93⅞	+0⅛	+0⅜	13.21
IBM France 11⅞ 84 FFr	120	93¾	94¾	0	+0⅛	13.73
Renault 9¾ 85 FFr	100	85⅛	86⅛	0	0	14.08
Solvay et Cie 9¾ 87 FFr	125	82½	83½	+0½	+0⅛	13.95
Utd. Mex Sts 14 85 FFr	150	99¼	100¼	+0½	+0⅛	14.01
Beneficial Fin. 14¼ 90 £	20	99¼	99¾	−0¼	−0⅛	14.30
BNP 13½ 91 £	15	98	98½	−0⅛	−0¼	13.80
Citicorp O/S 13½ 90 £	50	98⅜	98⅞	−0¼	−0⅜	13.74
Fin. for Ind. 14½ 88 £	20	101⅝	102⅛	−0¼	−0⅛	14.05
Fin. for Ind. 13¾ 87 £	20	98¾	99½	−0½	−0⅛	13.95
Gen. Elec. Co. 12½ 89 £	50	95½	96¼	−0½	+0⅛	13.31
Peugeot SA 14 90 £ ...	23	99	99¾	−0½	−0¼	14.09
Rothschild 14¼ 90 £ ..	12	99¼	100	−0¼	0	14.30
Swed. Ex. Cr. 15¼ 85 £	20	104⅜	104⅞	−0¼	0	13.77
Sanobras 8¼ 90 KD ...	7	†90¾	91¾	0	0	9.76
CCCE 8¾ 91 KD	10	†86⅞	87⅞	0	+0¼	10.22
Sonatrach 8½ 90 KD ...	12	†91½	91⅞	0	0	9.89
Akzo 9¼ 87 LuxFr	500	92¼	93¼	+0½	+0⅛	10.74
Euratom 8 87 LuxFr ...	500	85¾	86¾	+0½	+0¼	11.08
Euratom 9¾ 88 LuxFr ...	500	96⅜	97⅜	0	+0¼	10.32
EIB 9¾ 88 LuxFr	600	97¼	98¼	−0⅛	+0½	10.18
Volvo 9¾ 87 LuxFr ...	500	94¼	95⅛	0	0	10.86

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn	C.yld
Allied Irish Bk 5¼ 87	0¼	97⅞	98⅜	2/1	10.44	10.64
Bank of Ireland 5¼ 89	‡0¼	98⅛	98⅝	21/11	11⅛	11.56
Bank of Tokyo 5¼ 89	‡0¼	97½	98	25/10	9¼	9.46
Barclays O/S Inv. 5 90	0¼	97¾	98¼	13/12	9⅝	9.83
Bergen Bk. A/S 6 89...	‡0½	97¾	98¼	29/11	12⅞	12.52
Bilbao Int N/V 5¾ 90	0¼	97⅜	97⅞	29/11	10.06	10.32
Citicorp O/S F. 83 ...	§‡0	99⅛	99⅝	23/11	11.44	11.51
Citicorp O/S F. 84 ...	‡0	99⅛	99⅝	30/10	13⅛	13.21
C. Itoh 5¾ 87	0¼	98⅞	99⅜	18/3	12⅞	12.99
Co-operative Bk. 6 86...	0¼	98	98½	15/11	11.44	11.64
Creditanstalt 5½ 91 ..	§‡0¼	97⅞	98⅜	14/12	12.06	12.29
CNT 5¼ 86	§0¼	99⅜	99⅞	16/4	13¼	13.30
GZB 5½ 89	‡0¼	98⅛	98⅝	1/11	9.81	9.98
Jugobanka 6 89	0⅞	91¾	93¼	23/11	11⅝	12.53
Ind. Bank Japan 5¼ 87	0⅛	98⅞	99⅜	15/4	13.31	13.43
Lloyds Eurofin 8 90 £...	0½	96¼	97¼	3/1	15¾	16.24
LTCB Japan 5¼ 86	0⅝	98⅝	99⅛	13/12	9⅝	9.73
Mfrs. Han O/S 5¼ 94	‡0⅛	97¾	98¼	30/11	12½	12.37
Midland Intl. Fin. 5 89	0¼	97¾	98¼	20/12	9½	9.69
Midland Intl. Fin. 5¼ 92	0½	97⅝	98⅛	5/12	10⅞	11.11
Nacional Fin. 6¼ 86 ...	0⅛	97½	98	25/1	9.69	9.91
Nat West 5¼ 94	§0¼	99⅛	99⅝	11/4	13⅜	13.47
Nippon Credit 6½ 86	0⅛	97⅛	97⅝	12/1	9.56	9.82
Nippon Credit 5¼ 87 ..	‡0⅞	98¼	98¾	6/11	10⅞	11.04
Royal Bk. Scot 5¼ 94	§‡0⅛	98⅝	99⅛	11/1	13¼	13.40
Soc. C. de Bque 6½ 87	0¼	98⅛	98⅝	3/4	14	14.23
Standard Chart 5¼ 90	0¼	98⅛	98⅝	6/3	12.06	12.26
Svenska Hndlsbk 5 87	0¼	98	98½	15/1	10	10.18
Sweden 91	‡0¼	97⅛	97⅝	18/10	9.56	9.82
Williams & Glyn 5½ 91	0¼	98¼	98¾	14/3	12.44	12.63
Bq. ext. d'Alg. 4¾ 89 SF	0⅝	†89	90	18/12	6⅛	6.84

Average price changes .. On day 0 on week 0

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
Ajinomoto 7¾ 95	2/80	615.5	125½	127	0	−2.42
Apache P. Fin. 8¾ 95	12/80	21.12	†156	157	−4	−4.17
Blocker Energy 8¼ 95	1/81	21.87	115	116	+0⅞	−7.28
Credit Suisse 4¼ 93	10/79	1278	120¾	122¼	−0⅞	−2.75
DDKK 11 90	4/80	324	107	108	−0½	16.21
Digicon Fin 8½ 95 ..	10/81	29.5	100¼	101¼	−3⅛	9.42
Dynolectron 9½ 95 ...	8/80	12.22	†115	116	−2	6.52
Ensearch Fin. 9½ 94 ..	7/80	30.25	149½	150¼	−0⅜	−4.61
Hanson O/S Fin. 9½ 95	1/81	1.92	94¾	95¾	−0⅛	2.07
Hutty Int. Fin. 8½ 95 ..	12/80	23.25	96⅝	97⅛	−0⅞	54.93
INA Overseas 8¼ 2000	4/81	42	101⅝	102⅝	−0½	4.29
Inchcape Ltd. 8 95 ...	2/81	4.55	105⅞	106⅞	−0¼	−3.64
JACCS 7½ 95	11/80	565	106¼	107⅛	−0¼	7.87
Marion Int. Fin. 9 95...	12/80	23.25	99⅞	100⅞	−1⅞	9.75
MEPC 8¼ 96	2/81	2.47	104	104¾	−1⅛	6.50
Nissho Iwai Co. 8 96 .	10/80	398	101½	102½	+1⅞	0.67
Ricoh 6⅝ 95	8/80	604	110	111	−1⅛	−1.85
SBC 6⅞ 90	9/80	200	99¼	100¼	−0⅛	6.13
Taylor Woodrow 8¾ 90	1/81	4.94	97	97¾	−0½	5.65
Tricorp. 8½ 95	12/80	31.25	†101	102	−1	22.00
Union Bk. Switz 5 89 ..	2/80	121.4	98	99¾	−2⅛	−2.20
Fujitsu 5 84 DM	7/79	475	128¾	129¾	+0¾	8.50
Sharp Corp. 6½ 88 DM	9/80	595	126¼	126¼	+1½	−0.90
Uny Co. 6½ 85 DM	11/79	1071	97¾	98¾	+1¼	14.62

BONDTRADE INDEX AND YIELD

	Medium term		Long term	
Oct. 17 ..	n.a.	n.a.	n.a.	n.a.
Oct. 10 ...	n.a.	n.a.	n.a.	n.a.
High '80 ..	93.58	(18/6)	89.19	(2/1)
Low '80 ..	86.32	(2/4)	71.54	(29/2)

EUROBOND TURNOVER (nominal value in $m)

	Cedel	Euroclear
U.S. $ bonds		
Last week	2,470.2	2,738.0
Previous week ..	995.3	2,711.0
Other bonds		
Last week	382.1	414.0
Previous week ..	517.4	398.5

* No information available—previous day's price.

† Only one market maker supplied a price.

STRAIGHT BONDS: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week = Change over price a week earlier.

FLOATING RATE NOTES: Denominated in dollars unless otherwise indicated. Coupon *shown is minimum.* C.dte = Date next coupon becomes effective. Spread = Margin above six-month offered rate (‡ three-month; § above mean rate) for U.S. dollars. C.cpn = The current coupon. C.yld = The current yield.

CONVERTIBLE BONDS: Denominated in dollars unless otherwise indicated. Chg. day = Change on day. Cnv. date = First date for conversion into shares. Cnv. price = Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem = Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

The list shows the 200 latest international bonds for which an adequate secondary market exists. The prices over the past week were supplied by: Arab Company for Trading Securities SAK: Kredietbank NV: Credit Commercial de France: Credit Lyonnais: Commerzbank AG: Deutsche Bank AG: Westdeutsche Landesbank Girozentrale: Banque Generale du Luxembourg SA: Banque Internationale Luxembourg: Kredietbank Luxembourg: Algemene Bank Nederland NV: Pierson, Heldring and Pierson: Credit Suisse/Swiss Credit Bank: Union Bank of Switzerland: Akroyd and Smithers: Bankers Trust International: Bondtrade: Credit Commercial de France (Secs.) London: Citicorp International Bank: Daiwa Europe NV: Deltec Trading Company: Dillon, Read Overseas Corporation: EBC: First Chicago: Goldman Sachs International Corporation: Hambros Bank: IBJ International: Kidder Peabody International: Merrill Lynch: Morgan Stanley International: Nesbitt Thomson: Orion Bank: Salomon Brothers International: Samuel Montagu and Co.: Scandinavian Bank: Societe Generale Strauss Turnbull: Sumitomo Finance International: S. G. Warburg and Co.: Wood Gundy

Closing prices on October 17

Companies and Markets

WORLD STOCK MARKETS

Indices

NEW YORK —DOW JONES

	Oct. 17	Oct. 16	Oct. 15	Oct. 14	Oct. 13	Oct. 10	1980 High	1980 Low	Since Cmpil't'n High	Since Cmpil't'n Low
eIndustr'ls	956.06	958.70	972.44	962.20	959.80	950.68	974.57 (22/9)	759.13 (21/4)	1051.70 (11/75)	41.22 (2/7/32)
H'me B'nds	67.37	67.46	67.46	67.42	67.34	67.50	76.61 (25/6)	63.87 (28/3)	—	—
Transport	356.32	356.21	354.79	353.03	352.10	350.08	356.32 (17/10)	235.69 (27/3)	356.32 (17/10/80)	12.23 (8/7/32)
Utilities	112.93	112.96	113.80	115.64	115.00	115.11	116.88 (8/7)	96.04 (27/3)	163.32 (20/4/69)	10.52 (28/4/42)
TradingVol 000's†	45,920	66,450	48,260	48,850	51,360	44,040	—	—	—	—

eDay's high 966.04 low 946.42

	Oct. 10	Oct. 3	Sept. 26	Year ago (approx
Ind. div. yield %	5.66	5.66	5.73	5.93

STANDARD AND POORS

	Oct. 17	Oct. 16	Oct. 15	Oct. 14	Oct. 13	Oct. 10	1980 High	1980 Low	Since Cmpil't'n High	Since Cmpil't'n Low
‡Indust'ls	150.00	160.84	152.64	150.50	150.61	148.29	152.64 (15/10)	111.09 (27/7)	152.64 (15/10/80)	3.52 (30/6/32)
§Composite	151.52	152.22	133.70	132.02	132.03	130.29	133.70 (15/10)	98.22 (13/2)	133.70 (15/10/80)	4.40 (1/6/32)

	Oct. 15	Oct. 8	Oct. 1	Year ago (approx)
Ind. div. yield %	4.37	4.42	4.68	5.30
Ind. P/E Ratio	9.29	9.12	8.82	7.67
Long Gov. Bond Yield	11.41	11.48	11.79	9.86

N.Y.S.E. ALL COMMON

Oct. 17	Oct. 16	Oct. 15	Oct. 14	1980 High	1980 Low
75.92	76.37	77.24	76.32	77.24 (15/10)	55.30 (22/9)

Rises and Falls

	Oct. 17	Oct. 16	Oct. 15
Issues Traded	1,911	1,930	1,930
Rises	517	543	945
Falls	1,020	1,023	586
Unchanged	374	364	399
New Highs	—	215	160
New Lows	—	7	4

MONTREAL

	Oct. 17	Oct. 16	Oct. 15	Oct. 14	1980 High	1980 Low
Industrial	404.63	405.65	406.10	394.57	425.88 (29/2)	323.21 (27/3)
Combined	376.51	377.25	376.47	367.84	378.88 (29/2)	286.88 (27/3)
TORONTO Composite	2352.2	2358.1	2,336.8	2,311.2	2359.1 (16/10)	1782.5 (27/3)

NEW YORK ACTIVE STOCKS

Friday	Stocks traded	Closing price	Change on day		Stocks traded	Closing price	Change on day
Boeing	1,544,000	37½	—	Burroughs	415,000	56	−1⅜
IBM	557,800	68	−⅜	Dow Chemical	400 000	32¾	—
Texaco	555,000	38⅝	−⅜	Zenith	393,700	18½	+1⅜
N'west Airlines	521,000	24¾	−⅜	Sony	392,500	14⅞	−⅛
Westinghse. Elc	480,500	29¾	+1⅞	Xerox	391,300	65⅝	−1⅜

	Oct. 17	Oct. 16	Oct. 15	Oct. 14	1980 High	1980 Low
AUSTRALIA						
Sydney All Ord. (1956/59)	967.85	972.62	956.27	967.83	987.50 (6/10)	790.00 (2/1)
Metal & Minrls. (1956/59)	6416.95	6457.55	6629.81	6428.16	6680.95 (14/2)	4581.26 (28/3)
AUSTRIA						
Credit Aktien (2/1/62)	67.79	67.24	67.19	67.64	69.49 (7/1)	65.58 (19/8)
BELGIUM						
Belgian SE (31/12/63)	87.94	89.01	89.65	90.68	105.75 (11/2)	89.01 (16/10)
DENMARK						
Copenhagen SE (1/1/75)	95.27	95.95	95.01	94.21	95.95 (16/10)	74.78 (5/8)
FRANCE						
CAC General (29/12/61)	115.4	116.0	115.8	113.4	117.8 (22/9)	87.1 (6/1)
Ind Tendance (28/12/79)	117.6	117.8	117.5	116.9	119.4 (15/9)	95.6 (6/1)
GERMANY						
FAZ-Aktien (31/12/58)	264.27	256.80	255.49	255.94	258.89 (25/2)	212.75 (28/3)
Commerzbank Dec. 1953	752.4	758.1	756.2	758.9	749.2 (25/2)	667.8 (27/3)
HOLLAND						
ANP-CBS General (1970)	86.8	87.0	88.9	86.3	89.3 (25/7)	74.0 (27/8)
ANP-CBS Indust. (1970)	65.6	66.7	64.6	64.7	69.2 (11/1)	58.2 (28/3)
HONG KONG						
Hang Seng Bank (31/7/64)	(c)	1430.04	1404.80	1364.83	1430.04 (16/10)	738.9 (16/3)
ITALY						
Banca Comm. Ital (1972)	155.18	151.25	149.64	148.40	153.18 (17/10)	88.11 (2/1)
JAPAN						
Dow Average (16/5/49)	7169.26	7151.78	7174.27	7157.80	7174.27 (15/10)	6475.93 (27/3)
Tokyo New SE (4/1/68)	49.793	498.60	498.89	495.22	497.83 (17/10)	449.01 (16/5)
NORWAY						
Oslo SE (1/1/72)	125.56	127.14	126.44	124.93	144.70 (14/2)	118.12 (28/3)
SINGAPORE						
Straits Times (1966)	651.35	661.61	625.51	613.19	651.35 (17/10)	429.78 (3/1)
SOUTH AFRICA						
Gold (1958)	—	(u)	967.3	981.1	1028.1 (22/9)	649.5 (2/7)
Industrial (1958)	—	(u)	615.9	615.0	627.1 (8/9)	456.8 (2/1)
SPAIN						
Madrid SE (28/12/79)	110.12	109.72	109.81	109.64	111.17 (16/5)	95.76 (15/5)
SWEDEN						
Jacobson & P. (1/1/58)	563.89	363.80	359.98	354.56	366.98 (8/2)	364.72 (17/1)
SWITZERLAND						
Swiss BankCpn. (31/12/58)	304.5	304.8	304.7	304.6	317.8 (11/2)	276.9 (28/4)
WORLD						
Capital Intl. (1/1/70)	—	160.2	161.0	159.7	161.0 (16/10)	129.5 (27/3)

Base values of all indices are 100 except NYSE All Common—50; Standard and Poors—10; and Toronto—1,000; the last named based on 1975. † Excluding bonds. ‡ 400 Industrials. § 400 Industrials plus 40 Utilities. 40 Financials and 20 Transports. c Closed. u Unavailable.

Financial Rand US$0.934 (Discount of 28%)

CONTRACTS

APPOINTMENTS

INSURANCE

London Brick buys £2.5m dragline

London Brick Company has ordered from RANSOMES AND RAPIER, the largest walking dragline ever sold to the brick-making industry, which will be specially built for delivery in November 1983. The contract is worth in the region of £2.5m, for the 500-ton machine, which is fitted with a 50-metre jib and 9 cubic metre bucket. It is expected to supply the raw material for the bricks for nearly 1m new homes during its working life.

★

The North Eastern Region of the Central Electricity Generating Board has placed a contract with MATTHEW HALL ORTECH to design and build a modified coal handling and storage facility at Blyth power station. The contract, worth £4.4m, is for the provision of a system for the rapid discharge, handling and stocking of rail-borne coal which will be delivered at a rate of 1,500 tonnes per hour and reclaimed at 650 tonnes per hour. The new plant is scheduled for operation by late 1981.

★

ROLLS - ROYCE MOTORS diesel division, Shrewsbury, has three orders for 32 of its 265L engines. Largest is from Express Dairies—for 14 engines for Seddon Atkinson 400s. The second, is for engines for 12 Seddon Atkinson tractors, placed by Manor Bakeries, part of the RHM Group. The third order is for six engines to power Foden 8 x 4 demountable waste disposal bodies for Devon County Council.

★

REYNOLDS BOUGHTON has an order from the Southern Electricity Board for 43 four-wheel-drive RB.44 chasis. The British-designed and built 5000 kg grw (maximum payload 3278 kg) cross-country vehicle is claimed to perform well on or off roads. It incorporates a two-speed transfer box—with permanent four-wheel drive.

★

SULZER BROS. (UK) has orders from Foster Wheeler for equipment for Roche Products' new large scale Vitamin C plant at Dalry, Scotland.

★

The special purpose division of MARWIN PRODUCTION MACHINES, Wednesfield, has been awarded a contract for over £1.25m from the Ford Motor Company. This order is in addition to one received earlier in the year for over £700,000. Five special rotary index machines are being supplied for the machining of an important chassis component — three machines are going to Germany.

★

N. G. BAILEY ORGANISATION has the total electrical contract for the new bulk store, distribution centre and offices of the Oxford University Press in Corby, Northamptonshire. Another contract involves the complete electrical services for the new DHSS computer centre and car park, Reading.

★

BROWN AND ROOT (UK) has been awarded a contract by Occidental Petroleum (Caledonia) for the engineering design and project management of the topside process facilities of the Claymore field extension project in the North Sea.

★

Amoco (UK) Exploration Company, operator of the N. W. Hutton Field Licence Group, has awarded a contract to GROOTCON (UK) for the fabrication and hook-up of all modules for the N. W. Hutton drilling and production platform. The contract is for construction of all production, drilling and quarters modules including onshore fabrication, loadout, seafastening, offshore hook-up and pre-commissioning. The modules will be installed on the platform jacket which is being constructed at McDermott Scotland's yard at Ardeseier under a separate contract awarded in 1979. About three-quarters of the work will be carried out in the UK.

★

BP Petroleum Development has awarded a contract to constructors JOHN BROWN for the first phase of a gas treatment plant at Kinnell, Grangemouth. The contract covers preparation of an engineering design package, a project programme and an estimate for the plant. The installed cost of the plant is provisionally estimated at £15m.

★

H. ERBEN, Hadleigh, Suffolk, has an order for bottling plant from the Barr Group for the new Wishaw factory. The order is for an Ortmann and Herbst Hansa 80/14 bottling group comprising 80 head counter-pressure filler and 14 head Alcoa screw capper.

Smiths Industries wins £3m orders from Boeing

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

SMITHS INDUSTRIES, the UK electronics group, has won orders from Boeing of the U.S. worth over £3m for instruments and systems in commercial jet airliners.

The contracts include engine instruments for Boeing 747 Jumbo jets worth about £300,000; auto-throttle speed control systems for Boeing 727s and 737s worth £2.5m; and flight instruments for 727s and 737s worth about £270,000.

Smiths Industries has had considerable success in North American markets this year. Other contracts have included electronic engine control units for the Rolls-Royce-Allison TF-41 engines and the LTV A-7 aircraft; and electronic "head-up display" and weapon-aiming systems for the AV-8A Harrier fighters for the U.S. Marine Corps, and head-up displays for the new advanced Harrier AV-8Bs.

WEEK'S FINANCIAL DIARY

The following is a record of the principal business and financial engagements during the week. The Board meetings are mainly for the purpose of considering dividends and official indications are not always available whether dividends concerned are interims or finals. The sub-divisions shown below are based mainly on last year's timetable.

TODAY

COMPANY MEETINGS—
Howard Shuttering. The George Inn, Epsom Road, Morden, Surrey, 10.30
Land Investors. Churchill Hotel, Portman Square, W. 12.00
Peerless. Penns Hall Hotel, Walmley, Sutton Coldfield, 3.00

BOARD MEETINGS—
Finals:
Bryant
London Scottish Finance
Interims:
Bishopsgate Tst.
Brook St. Bureau of Mayfair
Fefe Intnl.

DIVIDEND & INTEREST PAYMENTS—
Babcock Intnl. 3.4p
Barclays Bank 9.25pc
Blockleys 1.75p
Blue Circle 5p
Brammer 2p
Dowty 2.5p
IMI 2p
Mixconcrete 1.55p
Philippines Fltg. Rate Notes due 1986 US$456.08
Sweden (Kingdom of) Fltg./Fixed Rate Bds. due 1991 US$124.84
Wells Fargo 46cts

TOMORROW

COMPANY MEETINGS—
Apex Properties, 243-247 Pavilion Road, Sloane Square, SW, 12.00
F. and C. Eurotrust, 1-2, Laurence Pountney Hill, EC, 12.15
FMC, Agriculture House, 25-31, Knightsbridge, SW, 12.00
Gaunt (Rowland), Hollywell Lane, Armley, Yorks, 11.00
Macklow (A. and J.), Chamber of Commerce, Edgbaston, Birmingham, 10.30

BOARD MEETINGS—
Finals:
Brooke Bond Liebig
Ductile Steels
Medminster
Newman-Tonks
Paterson Zochonis
Peachey Property
Interims:
Estate Duties Investment Tst.
Francis Inds.
London Brick
Mothercare
UBM

DIVIDEND & INTEREST PAYMENTS—
Buckinghamshire Var. Rate Red. 1982 £6.7188
Harrisons Malaysian Estates 5.5p
Howard Shuttering 1.2p
London United Inv. 4pc
Newbold and Burton 1.4p

COMPANY MEETINGS—

WEDNESDAY, OCTOBER 22

Atwood Machine Tools, Royal Victoria and Bull Hotel, Dartford, Kent, 12.00
Excalibur Jewellery, The Chamber of Commerce, Edgbaston, Birmingham, 12.00
Melody Mills, The Grand Hotel, Leicester, 10.30

BOARD MEETINGS—
Finals:
Ziaco
Kalamazoo
MTD (Mangula)
Pressac
Tyzack (W.) and Turner
Interims:
British Home Stores
Continental Union Tst.
Dupont
Greenbank Ind.
Hawker Siddeley
Haveringham
Jebsel Toombes
London and Northern
London Sumatra Plantations
Smith St. Aubyn
Sykes (Henry)
Telephone Rentals
Trust Union

DIVIDEND & INTEREST PAYMENTS—
American Express Intnl. Finance Corp. NV Gtd. Fltg. Rate Notes due 1982 [illegible]
Anglo American Corp. of South Africa Notes [illegible]
Apex Properties 1.3p
Excalibur Jewellery 0.63p
F. and C. Eurotrust 1.45p
Intnl. Westminster Bank Fltg. Rate Cap. Notes 1984 US$356.10
Morgan (J. P.) Inc's 70cts
Oliver (George) (Footwear) Ord. and A
N/V 1.1p
Provident Financial 2.42p
Third Mile Inv. 0.7p
Union Bank of Finland Fltg. Rate Cap. Notes 1982 US$88.10

THURSDAY, OCTOBER 23

COMPANY MEETINGS—
Leigh Interests, Chamber of Commerce, Edgbaston, Birmingham, 12.00
Smith Bros., Institute of Chartered Accountants, Moorgate Place, EC, 12.15

BOARD MEETINGS—
Finals:
Burgess Prods.
Free State Geduld Mines
McKechnie Bros.
Pres. Brand Gold Mining
Pres. Steyn Gold Mining
Saga Holidays
Smart (J.) (Contractors)
Spencer Gears
Welkom Gold Mining
Western Hldgs.
Interims:
BSG Intnl.
East Rand Gold and Uranium
Gill and Duffus
Hay (Norman)
Lilley (F. J. C.)
London and Prov. Poster
Miller (Stanley)
Portsmouth and Sunderland Newspapers
Sphere Inv. Tst.
Wilkins and Mitchell

DIVIDEND & INTEREST PAYMENTS—
Anglo American Industrial Corp. 42.5cts
Bank Bumiputra Malaysia Berhad Fltg. Rate Notes 1984 US$84.19
Canadian Pacific Enterprises 25cts
FMC 6p
Lowell (G. F.) 3p
Minerals and Resources Corp. 16cts
Montfort (Knitting Mills) 1p
Stanley (A. G.)
Zambia Copper Inv. 3.5cts

FRIDAY, OCTOBER 24

COMPANY MEETINGS—
Haynes Publishing, The Post House Hotel, Sherborne, Dorset, 12.00
Keep and Scott, 120-122, Corporation St., Birmingham, 11.30

BOARD MEETINGS—
Final:
Peters Stores
Interims:
Ayrshire Metal Prods.
Berec
Clayton, Son
Gen. Scottish Tst.
Minster Assets
Pawson (W. L.)
Spirax-Sarco Eng.
Upton (E.)

DIVIDEND & INTEREST PAYMENTS—
Alcan Aluminium (UK) 3.3p
British Electric Traction Dfd. 5.709p
CPC Intnl. 85cts
Calcutta Electric Supply Corp. (India) Rp 0.07 Pf. 3½pc
Caledonian Assoc. Cinemas 4.9pcPf. 2.45pc
Cardiff 11pc Red. 1986 5½pc
Commercial Bank of Australia 10cts. Pf. 2pc
Diploma 7pcPf. 2.45pc
Highcroft Inv. Tst. 1p
Intnl. Stores Lns. 2½ 3½ 3[illegible]pc
Jacks (William) 0.35p
Lilleshall 1p
Longton Industrial 3.8p
Mercury Money Market Tst. Pd. Pf. 10pc
New Central Witwatersrand Areas 52cts
Nurdin and Peacock 1.875p
Pritchard Services 1p
Sedgwick Grp. 2pc
Sharpe (W.N.) Ord. and A 3p
Smith Bros. 2.5p
Utico Ord. and Dfd. 10.5cts
Wagon Finance 0.625p
Wilkinson Match 5½pcPf. 0.9625pc. Ln. £2.50
Williams (H.) Ord. and A 5.36p

SATURDAY, OCTOBER 25

DIVIDEND & INTEREST PAYMENTS—
Agricultural Mortgage Corp. 16½pc Bds. 8¼pc
Bankers Trust New York Corp. 82.5cts
British Inv. Tst. Db. 2½pc
Exchequer 11pc 1991 5½pc
General Electric Company 75cts
Invergordon Distillers 1.5p
Macpherson (Donald) Ln. 3½pc
Manufacturers Hanover Corp. 63cts

SUNDAY, OCTOBER 26

DIVIDEND & INTEREST PAYMENTS—
Kent 9¼pc Red. 1978-80 4⅝pc

APPOINTMENTS

Express Dairy Foods post

Mr. Paul Wilkinson, executive director of Eden Vale and Express Catering Foods, has been appointed to the Board of EXPRESS DAIRY FOODS, the parent company. Mr. Wilkinson joined Express as executive director in December 1979, having previously been with Birds Eye.

★

Mr. Wm. Harvey, senator and honorary treasurer, Queen's University of Belfast, has been elected to the Board of the Belfast-based merchant bank, UNICO FINANCE in addition to being appointed chief accountant.

★

Mr. I. N. McCallum has been appointed technical director of HUGH SMITH, a member of the Low and Bonar group.

★

Mr. A. H. Pendleton has been appointed works director of STERLING METALS, a member of the Birmid Qualcast group.

★

Sir Robert Douglas, founder of ROBERT M. DOUGLAS HOLDINGS, has been appointed president.

★

Mr. E. T. B. Shilling has been appointed to the new post of chief engineer, REED PAPER AND BOARD (UK).

★

Two appointments have been made within the financial organisation of the YORK EUROPE group. Mr. Roger H. Hockey, financial controller, York UK Marketing, London, becomes financial controller for all York operations in the UK. Mr. Don Godfrey, financial controller, Basildon factory is appointed management information systems manager, York Europe.

★

Mr. Francis Thyne, at present production director of WILLIAM THYNE, will become sales director and Mr. Neill Forrest has been appointed production director. Mr. Thyne succeeds Mr. Robert Biggs, who is taking up the appointment of sales and marketing director at Mardon Son and Hall.

★

Mr. Jack Nicholl, principal of the Oxford Air Training School since 1972, has joined the Board of the School's parent company, CSE AVIATION.

★

Dr. R. W. Sarsby has joined the CONSTRUCTION INDUSTRY RESEARCH AND INFORMATION ASSOCIATION as its research manager for earthworks and foundations.

★

GREY ADVERTISING (SCOTLAND) has appointed Mr. Peter Hawkins as deputy managing director. He has spent the previous six years with Charles Barker.

★

Dr. R. G. W. Anderson has taken up his post as Keeper of the Department of Chemistry at the SCIENCE MUSEUM on the retirement of Dr. Frank Greenaway.

★

Mr. John Elliott has been appointed general sales manager for DE DIETRICH. Formerly with the UK sales organisations of Bosch and Toshiba, Mr. Elliott will be responsible for the development of the recently created UK subsidiary of De Dietrich et Cie, Niederbronn, France.

★

After seven years as chairman of the Board of BUILDING MAINTENANCE COST INFORMATION SERVICE, Mr. Bernard A. Speight has decided to stand down. The Environment Secretary and the President of the Royal Institution of Chartered Surveyors have named Mr. Edward Watts, as the new chairman.

★

Mr. Brian Bailey has joined the investment department of VAN CUTSEM & ASSOCIATES as UK investment manager. He was previously in charge of private clients at Schlesinger Investment Management Services.

★

Management changes have been made by the Leicester-based FORD & SLATER GROUP, commercial vehicle distributors. Mr. David Glass, an executive director, relinquishes the management of Car and Commercial Services, Aylesbury, to take up a similar appointment with Ford and Slater, Grimsby. He is succeeded at Aylesbury by Mr. Fred Jones.

★

The Municipal Group states that Mr. Anthony Pearce, managing director of Brintex exhibition organising company), and Mr. Ewen Stamp, group financial controller, have been appointed to the Board of MUNICIPAL PUBLICATIONS. Mr. Stamp has also bee nappointed to the Board of the Municipal Journal.

Insurers express concern about proposed Scottish law reforms

BY OUR INSURANCE CORRESPONDENT

A FORTNIGHT ago I was shown the draft of a new commercial insurance contract aimed at the overseas market—a well drafted, explicit document with just one exception: the contract was declared to be subject to "British law."

There is, of course, no such law: there is English law, Scottish law, there is Northern Irish law, and there are the laws of the various Channel Islands and of the Isle of Man. While the laws of these various parts of the UK are often not just similar, but for practical purposes, identical, there remain a number of differences, which many reformers reckon should be eliminated.

In England, for example, there used to be a three-year limit to bring claims for damages for personal injury, but the three-year rule worked harshly against victims of industrial disease who become only slowly aware of their misfortune. Two statutes in 1963 and 1975 altered English law substantially in the victim's favour.

But parallel reforms have not been introduced in Scotland so the Scottish pneumoceniosis victim can still be faced with strict time limits, a fact higlighted in damages claims recently before the courts. The Scottish Law Commissioners in Edinburgh have been considering injury limitation problems and have published a working paper for general discussion. But positive recommendations for reform are some way away, and their final shape is not yet clear.

Meanwhile, down at Westminster, both Houses have been giving attention to a Bill, the Law Reform (Miscellaneous Provisions) (Scotland) Bill, which tries to reform a number of different aspects of Scottish law.

In July the Commons Standing Committee agreed a new clause providing the Scottish courts with a discretion to override time limits in personal injury damages cases. This clause, to a considerable degree, pre-empts the work of the Scottish Law Commission.

The purpose of the clause is to bring Scottish law into line with present English law—a laudable aim, but in fact the clause as accepted by the Commons creates a new difference. Under the English 1975 Act, the judges have to observe statutory guidelines in deciding whether to override time limits—but under the proposed new Scottish law, the Scottish judges will have unfettered discretion.

In the Commons in July, at the Report stage of the Bill, this clause was widened to give clear retrospective effect to the change by allowing the Scottish judges discretion to re-open cases which had been adjudged out of time by the courts according to pre-existing law.

In the coming week, the House of Lords has to consider this clause among other Commons amendments, and insurers are watching the situation with some anxiety.

Insurers do not oppose the "equalisation" of English and Scottish law, but they are concerned at the unfettered discretion being proposed for Scottish judges. In effect, unfettered discretion gives every claimant the chance to try his luck in the courts. Insurers reckon that without guidelines as in England, there will be much more costly litigation in the next few years until it becomes clear how the Scottish judges will exercise their discretion.

There is an old maxim that hard cases make bad law. There are probably only a few hard cases that have provoked the clearly retrospective purpose of the Report Stage amendment, and so the immediate consequences may not be of financial importance.

What concerns insurers more is that in this small way a legislative precedent is being set, if the principle of retrospective legislation is given Parliamentary approval. Their fear is that when another Scottish or Englist law reform Bill dealing with injury compensation is on the stocks a much greater number of closed cases may be opened at a legislative stroke, with incalculable financial consequence for insurers' liability funds.

Technical Page

EDITED BY ARTHUR BENNETT AND ALAN CANE

● PACKAGING

Wrapping idea from the heavens

A NOVEL principle of planetary motion—products and stretchwrap material revolve around each other in a complete circle—is the essence of a new concept in stretch overwrap machines from the U.S. being marketed in the UK by Lawtons, Lawco House, 60 Vauxhall Road, Liverpool (051-227 1212).

The system is low in cost, uses minimal energy, does not require a large working area and promises an entirely new visual package. Although the visual effect is comparable with shrinkwrap, says the company, the Spinner range shares none of the heat disadvantages of that system, and the uniform results are an unquestionable improvement over slower, more expensive hand-wrapping methods.

Standard model operates at up to 20 revolutions a minute, stretchwraps packages up to 50 lb in weight, in practically any configuration up to 18 x 18 x 24 inch, and is said to be ideal for unitising several items to replace costly individual shipments.

A bigger model incorporates a heavy duty motor coupled with a strengthened loading platform to withstand up to 90 lb package weight.

Super version differs from both the other models in accepting larger package dimensions of up to 34 x 34 x 24 inch and also takes packages up to 90 lb in weight.

A bench mounted mini model is designed to speed up the packaging of small, light items and although its construction is similar to the basic design its main orbiting circle is smaller so that the speed of operation can be safely increased to 60 revolutions a minute, three times faster than the standard Spinner. This means at least a doubling of the production speed, says the company. The unit is portable and can be easily transported to areas where there is a need for quick, light work.

Table-top micro is the newest addition to the range and is for stretch overwrap bundling of physically small and light items up to 6 x 6 x 12 inch.

Lawtons also announces a shrink tunnel and a variety of perforated films to suit particular packaging requirements. Economy is the prime consideration in offering shrink-wrap film pre-perforated in specific sizes to meet exact customer requirements to ensure just the correct amount of film is dispensed for single product encapsulation. Cling properties of this film give tight, smooth wraps throughout the merchandising cycle — particularly important in the food industry — and positive heat sealing quality ensures minimal loss of flavour and moisture.

Designed for producing highly finished eye-appealing point of sale and presentation packing, the shrink tunnel handles items from only 50 mm square up to 305 mm wide by 203 mm high.

Applications for all the machines are said to cover anything from bundling, to replacing main packing cases, of products as varied as brake shoes, gloves, flower pots, compost, electrical parts, bottles, cans and food, suspension packs containing books, drugs, vitamins and dairy packs of bulk cottage cheese and similar foodstuffs and groceries.

Small items packed in volume (electrical products and plastic components) lend themselves particularly to stretch bundling, says Lawtons.

Satellites and sensors aid search for oil

BY ELAINE WILLIAMS

FOR EVERY commercially successful oil well drilled in the North Sea, another 18, on average, prove barren.

And as the North Sea oil fields have a better record of success than most parts of the oil-bearing world, it is clear just how important are new ways of improving the "hit rate."

After all, the world demand for energy is so imperative that the oil consumed in the past ten years equals the amount used over the previous 100.

One answer is sophisticated electronic techniques, and at a recent Faraday Lecture—sponsored by the Institution of Electrical Engineers—and given this year by British Petroleum, the application of electronics to the exploration, extraction and production of oil were outlined.

At the very beginning of the oil exploration process, geologists now carry out surveys of likely areas using aerial photographs; in the future, a system of satellite scanning will be used.

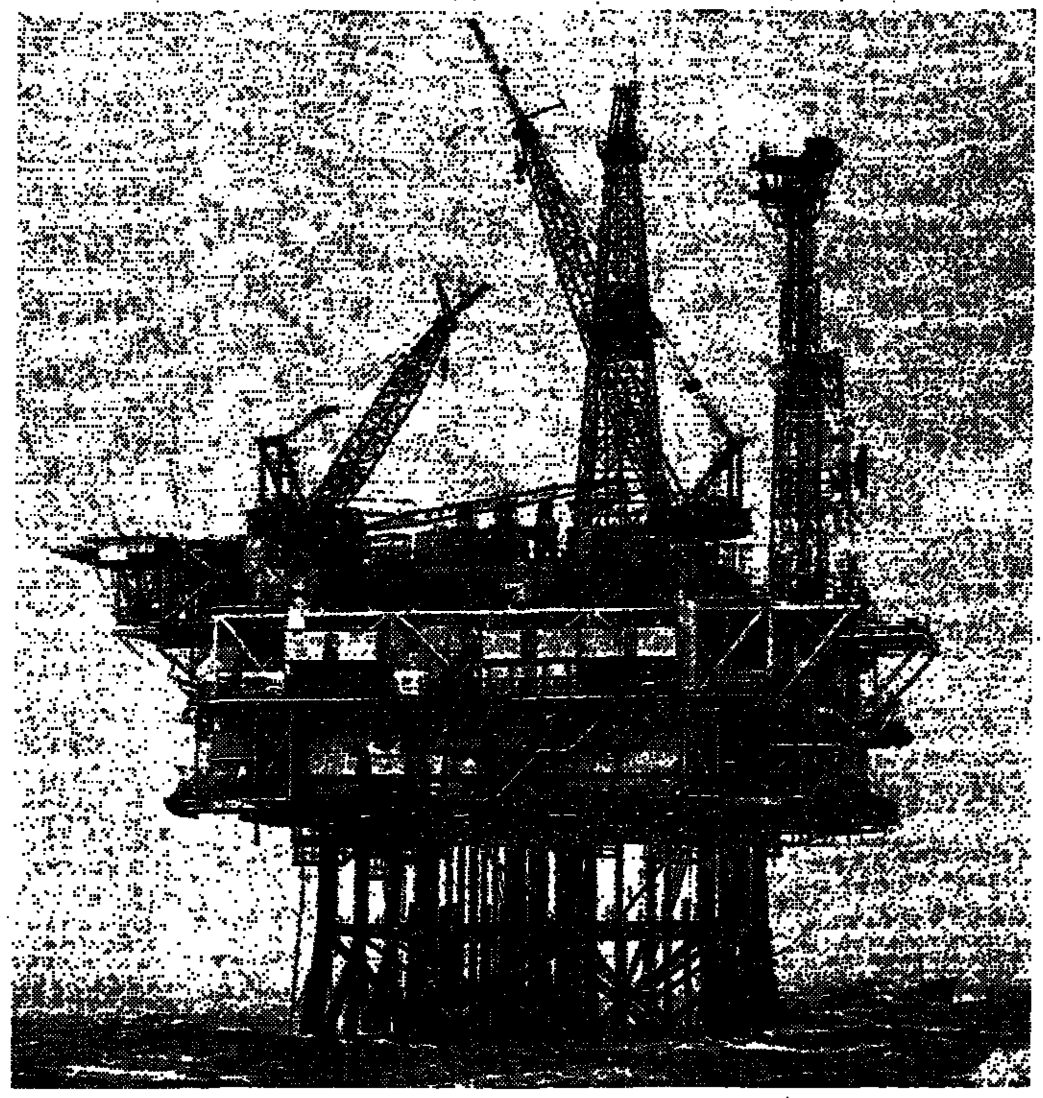
The siesmic survey follows. The effect of small explosions is monitored by listening devices called geophones placed at varying distances from the original "bang." This indicates the underlying composition of the earth.

The next step is to use a set of four different electronic detectors — sondes — to provide more detailed information about the strata and to indicate oil deposits trapped under a sandstone layer.

When placed in a test borehole, the first sonde measures radioactivity differences between the various layers of rock; the second measures pressure which also differs between rock and sandstone; the third is a sonic device which determines ho w far each layer extends and the fourth sonde measures differences in electrical resistance.

This sonde is the most important of all because it can tell whether liquid detected by the previous sondes is oil or water.

With this information and rock samples taken from several more boreholes, the company then has to decide whether or not to drill an exploration well.



Graythorp 1 in BP's Forties field; satellites aid accurate location of the platform above the oil

Towing out an oil production rig to a position in the North Sea is in many ways akin to landing a spacecraft on the moon. A control room based on a nearby support ship has to monitor the rig as it is floated out to its final resting place and anchored.

Satellites are used to give a navigational fix so that an oil rig — weighing about 21,000 tonnes and containing four times as much steel as the Eiffel Tower—can be anchored over the ocean with precision. Failure to hit the right spot can cost millions of pounds in lost time and untapped oil.

In the future this navigational aid will become more important as oil companies introduce specially converted oil tankers to exploit small oil fields which are now only marginally economic. These tankers will move from one well head to another.

Once a rig is operational, electronics takes over the role of monitoring and controlling the flow of oil as it rises from the sea-bed or land-based deposits.

Computers based on shore terminals—often hundreds of miles away—interpret information which is relayed from the well head by sensors.

With 700,000 gallons of oil flowing out of the Forties field every hour, measurements such as temperature, pressure and oil flow are important to calculations of how much oil is being produced. Safety is also under computer control. The computer is connected to devices which can detect the presence of gas and fire. Other sensors monitor the pipeline for cracks.

In Alaska, where an $8bn pipeline stretches more than 800 miles over mountains and rivers in temperatures of —60 degrees F the pipline is remotely monitored from one point in the south at Valdez. One operator seated at his console can shut down the entire trans-Alaska pipeline, or vary its performance at will.

Automatic alarms can also intiate actions. For example, indications of an earthquake will shut down the pipeline inside five minutes unless the operator overrides the computer.

For effective communication on land, oil companies are able to use so-called "line of sight" microwave systems which are capable of carrying simultaneously a large number of telephone channels plus computer data. Lines of microwave transmitters—which operate on very high frequencies—are linked within sight of each other and pass the signal to its destination.

Offshore, providing the high capacity data links is more difficult, especially in the North Sea where some platforms are 175 miles from land—well out of the range of normal microwave transmitters. The oil industry uses a system called tropospheric scatter. This bounces microwaves off the troposphere—which is a layer of the earth's atmosphere about eight miles up. Though the power of the original beam is lost, sufficient energy remains to be received by aerials up to 400 miles away far beyond normal areas of reception.

● COMPUTING

York's Ada gets £0.25m

INTEREST IN the new computer "Ada," hailed as the Cobol of the 1990s, is underlined by the award of over £250,000 to York University for research in software technology.

York is one of the chief centres in the UK for the development of Ada, a real-time language designed for the U.S. Department of Defence by an international team headed by M. Jean Ischbiah of the French computer company Cii-Honeywell-Bull.

The York award comes from the UK Science Research Council, and will pay for a powerful new computer, a Digital Equipment VAX-11/780. The new computer, one of the most powerful in the Digital range will be used to develop software tools, including an Ada compiler.

The York Ada compiler is expected to be ready in 1982 as one of a collection of software tools forming the Ada Programming Support Environment.

The language is named after Ada, Lady Lovelace, generally acknowledged as the world's first computer programmer who worked with Charles Babbage.

● TRANSPORT

Better cabs for trucks

BY PRODUCING its latest commercial vehicle driving cab in aluminium instead of steel, Motor Panels (Coventry) reckons it has made a weight saving of about two-thirds.

Two sleeping bunks are provided and the company claims that maximum utilisation of space has been achieved for this by making use of the driver's and mate's seats the back portion of which can be folded forward to form the ends of the lower bunk.

Motor Panels has also worked with British Leyland on the development of a new cab for the latter's T45 Roadtrain vehicle. This will also be a "sleeper cab."

Both cabs can be seen at the Motor Show now running at the National Exhibition Centre, Birmingham.

BOND DRAWINGS

*ELECTRIC AND MUSICAL INDUSTRIES LIMITED

U.S. $15,000,000 $6\frac{3}{4}$ per cent Loan 1982

DRAWING OF BONDS

The undermentioned Bonds of the above Loan amounting to U.S.$1,356,000 were Drawn on 7th October, 1980, at the office of LAZARD BROTHERS & CO., LIMITED in the City of London by Mr. Richard Graham Rosser of the firm of De Pinna, Scorers & John Venn, Public Notaries of 101 Salisbury House, London Wall, London EC2M 5UP.

BONDS OF U.S. $1,000 EACH

164	1683	3485	7603	8994	9590	10668	11551	12108	12540	12927	13248	13622	14123
199	1687	3488	7617	9001	9592	10675	11554	12110	12543	12930	13251	13627	14387
204	1690	3619	7620	9004	9595	10681	11557	12112	12545	12933	13254	13632	14390
206	1693	3622	7627	9007	9617	10690	11560	12115	12548	12946	13257	13635	14393
211	1696	3626	7630	9009	9619	10693	11563	12118	12551	12949	13260	13638	14396
259	1700	3629	7633	9013	9627	10697	11566	12121	12554	12952	13263	13644	14399
411	1713	3632	7642	9016	9633	10700	11569	12125	12557	12955	13266	13649	14402
414	1719	3635	7646	9019	9635	10709	11572	12128	12565	12958	13269	13654	14408
418	1723	3696	7649	9022	9638	10712	11574	12131	12568	12962	13272	13659	14410
421	1725	3707	7667	9026	9642	10719	11577	12135	12571	12965	13275	13663	14413
471	1734	3731	7670	9029	9646	10722	11580	12138	12574	12968	13278	13667	14423
626	1757	3857	7673	9032	9658	10725	11582	12152	12577	12971	13281	13672	14426
628	1760	4082	7678	9034	9662	10734	11585	12155	12580	12976	13284	13677	14429
654	1836	4087	7681	9037	9667	10862	11588	12157	12587	12979	13287	13684	14432
701	1839	4090	7690	9049	9671	10868	11591	12160	12590	12982	13290	13688	14435
712	1912	4093	7694	9065	9675	10921	11595	12164	12595	12985	13293	13693	14441
715	1915	4329	7708	9068	9685	10927	11598	12170	12598	12988	13296	13698	14444
719	1897	4333	7714	9074	9697	10936	11602	12175	12602	12991	13299	13703	14447
754	2070	4356	7717	9077	9699	10998	11604	12200	12618	12994	13302	13707	14451
772	2072	4534	7720	9088	9731	11004	11607	12203	12624	12997	13305	13714	14462
776	2086	4544	7723	9094	9767	11007	11618	12206	12628	13000	13308	13720	14477
779	2118	4856	7730	9096	9770	11014	11623	12213	12631	13003	13311	13725	14480
802	2128	4859	7733	9098	9773	11018	11651	12216	12645	13006	13314	13739	14493
834	2166	4862	7737	9111	9778	11063	11686	12220	12648	13009	13317	13742	14498
836	2170	5030	7741	9114	9793	11067	11699	12224	12651	13012	13321	13745	14499
838	2204	5035	7748	9117	9798	11071	11702	12227	12654	13015	13324	13749	14511
921	2238	5038	7763	9173	9821	11075	11705	12230	12660	13018	13327	13753	14514
926	2257	5043	7766	9176	9823	11078	11708	12233	12663	13021	13330	13756	14519
933	2269	5160	7769	9180	9848	11081	11711	12240	12666	13024	13336	13759	14528
938	2275	5167	7772	9194	9860	11084	11714	12243	12669	13028	13339	13762	14532
942	2292	5171	7788	9197	9874	11140	11717	12246	12685	13031	13342	13765	14536
950	2296	5228	7791	9199	9879	11143	11719	12275	12697	13034	13346	13768	14539
956	2303	5254	7815	9202	9889	11146	11723	12293	12700	13037	13349	13771	14542
1013	2310	5272	7813	9211	9929	11151	11727	12295	12703	13040	13354	13774	14545
1076	2316	5701	7821	9214	9932	11155	11730	12298	12706	13043	13357	13777	14548
1178	2331	5710	7825	9217	9987	11158	11735	12301	12710	13050	13360	13780	14551
1180	2334	5764	7829	9220	10009	11161	11741	12304	12714	13054	13364	13783	14555
1182	2365	5896	7832	9223	10020	11164	11744	12307	12718	13057	13369	13786	14558
1186	2372	5900	7835	9228	10041	11167	11747	12310	12721	13060	13373	13789	14561
1200	2591	6023	7839	9233	10044	11193	11750	12313	12729	13063	13376	13792	14564
1255	2594	6050	7842	9236	10047	11250	11753	12316	12739	13066	13379	13794	14570
1257	2648	6056	7845	9240	10055	11253	11758	12320	12742	13069	13383	13797	14578
1262	2698	6076	7849	9243	10058	11264	11760	12324	12745	13072	13387	13799	14583
1265	2703	6083	7852	9246	10074	11266	11763	12327	12748	13075	13390	13802	14590
1301	2722	6150	7857	9250	10108	11269	11766	12330	12751	13079	13394	13805	14595
1317	2724	6157	7860	9269	10110	11272	11771	12333	12754	13082	13398	13809	14601
1335	2739	6161	7863	9271	10114	11275	11776	12337	12758	13085	13401	13812	14607
1339	2835	6165	7867	9322	10117	11321	11779	12341	12761	13088	13410	13815	14641
1342	2913	6225	7875	9325	10122	11324	11782	12344	12765	13091	13413	13819	14647
1346	2917	6259	7896	9331	10124	11327	11786	12348	12768	13095	13416	13824	14649
1351	2921	6290	7899	9334	10129	11331	11789	12351	12771	13098	13420	13827	14657
1357	2959	6510	7902	9342	10132	11334	11793	12354	12774	13104	13423	13830	14661
1361	2962	6517	7912	9345	10161	11337	11797	12357	12776	13107	13426	13833	14664
1364	2965	6531	7942	9348	10163	11340	11800	12364	12779	13110	13429	13945	14668
1368	2968	6535	7945	9350	10168	11343	11803	12367	12782	13114	13433	13946	14672
1371	2982	6685	7949	9353	10171	11346	11806	12370	12785	13117	13436	13948	14678
1376	3016	6692	7953	9356	10175	11349	11809	12373	12788	13120	13439	13957	14683
1387	3027	6696	7966	9358	10189	11354	11812	12376	12791	13123	13448	13960	14694
1391	3030	6703	7970	9360	10208	11364	11815	12379	12794	13126	13452	13963	14700
1396	3045	6707	7984	9364	10224	11368	11818	12382	12797	13129	13455	13967	14707
1407	3049	6744	7985	9367	10235	11371	11822	12385	12799	13133	13465	13970	14711
1411	3074	6817	8116	9370	10238	11374	11825	12388	12802	13138	13469	13976	14716
1415	3077	6821	8120	9380	10242	11377	11828	12393	12805	13142	13472	13979	14722
1420	3080	6827	8125	9383	10244	11379	11830	12396	12808	13145	13477	13982	14727
1453	3086	6832	8237	9391	10246	11382	11833	12399	12812	13148	13480	13985	14734
1456	3121	6836	8239	9401	10265	11388	11840	12402	12821	13151	13483	13989	14741
1462	3126	6909	8341	9404	10275	11391	11843	12405	12824	13154	13486	13993	14745
1467	3130	6940	8367	9410	10349	11394	11846	12408	12827	13157	13490	13996	14750
1471	3133	7090	8421	9413	10363	11398	11850	12413	12830	13160	13494	13999	14756
1474	3208	7094	8423	9416	10367	11401	11853	12417	12834	13163	13497	14017	14762
1478	3261	7118	8425	9420	10373	11404	11856	12423	12837	13166	13502	14022	14768
1481	3264	7151	8452	9422	10380	11412	11861	12426	12840	13169	13505	14029	14773
1485	3267	7162	8514	9425	10387	11415	11865	12430	12842	13173	13509	14033	14793
1489	3281	7172	8517	9427	10405	11422	11870	12449	12845	13176	13512	14036	14797
1493	3290	7321	8519	9430	10409	11440	11873	12451	12848	13179	13516	14039	14801
1498	3295	7325	8597	9433	10430	11443	11876	12454	12851	13182	13520	14042	14807
1505	3321	7326	8600	9436	10433	11458	11879	12466	12855	13185	13523	14045	14811
1531	3325	7330	8611	9440	10436	11460	11882	12469	12862	13188	13528	14048	14816
1536	3328	7333	8616	9444	10439	11463	11888	12476	12865	13191	13532	14052	14822
1540	3332	7337	8653	9453	10444	11467	11904	12480	12868	13194	13536	14055	14831
1543	3336	7342	8655	9468	10451	11470	11917	12484	12871	13197	13541	14058	14836
1559	3339	7346	8658	9477	10453	11474	11929	12488	12874	13200	13545	14061	14843
1563	3342	7358	8673	9481	10457	11478	11934	12491	12877	13203	13549	14064	14849
1572	3345	7362	8675	9484	10460	11494	11937	12494	12880	13206	13556	14067	14852
1577	3348	7386	8677	9487	10463	11507	11940	12496	12883	13209	13560	14070	14864
1582	3352	7396	8691	9498	10466	11516	11943	12499	12885	13212	13564	14074	14873
1599	3355	7400	8695	9508	10488	11519	11946	12501	12888	13215	13567	14079	14880
1604	3359	7448	8712	9511	10493	11522	12016	12504	12890	13218	13572	14092	14888
1608	3363	7477	8715	9540	10539	11525	12019	12507	12893	13221	13581	14096	14892
1615	3367	7480	8719	9567	10542	11528	12029	12510	12896	13224	13586	14099	14894
1618	3370	7483	8724	9570	10545	11531	12048	12513	12899	13227	13590	14103	14924
1621	3393	7485	8755	9573	10567	11534	12051	12522	12903	13230	13594	14106	14950
1625	3396	7525	8758	9576	10581	11537	12056	12525	12906	13233	13598	14109	14953
1627	3400	7579	8821	9579	10587	11540	12059	12529	12909	13236	13602	14112	14992
1676	3475	7594	8824	9581	10629	11543	12097	12532	12914	13239	13607	14115	15000
1678	3479	7598	8831	9584	10637	11546	12100	12535	12918	13242	13611	14118	
1680	3482	7600	8834	9587	10662	11549	12103	12538	12924	13245	13616	14121	

The said Bonds are due to be repaid at their nominal value on or after 15th November, 1980, at the Paying Agents listed on the Bonds. Interest will cease to accrue on 15th November, 1980. Bonds must have Coupons 14 and 15 attached when presented for payment, failing which the amount of any missing unmatured coupons will be deducted from the sum due for payment.

The face amount of the Bonds outstanding after the above-mentioned Drawing will be U.S.$3,000,000.

*Now EMI Limited

● NAVIGATION

'Lighthouse' gives sailors a fix

UNDER DEVELOPMENT at Standard Telecommunication Laboratories (STL) of Harlow is a navigation system described as a "radio lighthouse" with which mariners having ordinary ship-to-shore VHF receivers to hand can obtain an accurate fix on the "lighthouse."

The radiated signal from the shore consists, in simplified terms, of a rotating radio signal containing a radial along which a modulated audio tone becomes inaudible when it passes through the receiver. The signal beam rotates over an angular segment covering the appropriate sea area.

Users are able to determine their bearing by taking the time from when the radial starts its rotation until the null passes through them. To simplify bearing determination the modulation of the signal is broken up into beats and the answer is obtained by counting beats until the tone disappears. The count is related to bearing in degrees by means of a table or a chart overlay.

STL says that the transmitter can easily be installed on the top of an existing optical lighthouse and that a chain of them could be implemented using time sharing and tone differentiation for a complete coastal navigation system.

The laboratories are at the moment developing a display unit which will look at the signal automatically by timing the null and relating it to the starting heading.

Orders for three of the basic systems have already been placed by Trinity House.

● HANDLING

Easy access to the top

NOT ONLY does a four-wheeled truck have an unrivalled reach in length, its smoothness of operation is virtually unmatched because of a new mechanism which ensures infinitely progressive acceleration of the reach carriage, and gradual deceleration at the end of its stroke, says maker Montgomerie Reid, Bramley, Basingstoke, Hants. (Bramley Green 444).

Promising to lessen fatigue for the user and guaranteeing safe operation is a cam tracking arrangement linked to full power steer, says the company.

The driver's workplace is exceptionally spacious with controls widely spaced. Unusual forward sloping footplate suggests minimal ankle-flexing—another significant comfort feature.

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COMPANY NOTICES

PERSONAL

TRAVEL

Building and Civil Engineering

Kyle Stewart tots up £10m

A NUMBER of contracts just announced by Kyle Stewart (Contractors) add up to around £10m, and include the erection of six industrial units and the refurbishment of an existing building to form three warehouse units for the Heron Corporation at Cooks Road, Stratford, London. Value of this work is £1.5m and the scheme is due to be completed in 45 weeks.

A further contract for the same client is worth £800,000, and is for the design and construction of an office block and two industrial units at Oval Road, Camden, London, which is due for completion in 52 weeks.

Construction of an office block at Gatwick Airport is valued at £3.75m, and has been ordered by the British Airports Authority.

Warehouse extensions at Crick Motorway Estate, Northampton, for the Lex Service Group are worth £2m under a 52-week contract.

The company is refurbishing a building in Brook Street, London, for Greycoat Properties *at a cost of £1m which includes* preservation of the façade.

Refurbishment again, plus alterations, to the Golden Nugget in Shaftesbury Avenue, for Mecca Sportsman brings another £0.5m worth; remedial works to Bistern Court, Waltham Forest, for the London Borough of Waltham Forest are valued at £400,000; and the provision of an additional floor on a current contract at Borough High Street, for Hollyside, is valued at £600,000.

Tidal defence work

CIVIL ENGINEERING work worth £4.25m has been awarded to John Mowlem and Co. Involved is River Thames tidal defence work at Beckton, East *London*, and Tilbury, a laboratory development, and miscellaneous work at Shell Haven refinery, Mobil's Coryton refinery, and sundry river projects.

Largest project is worth £2.4m and has been awarded *by the Greater London Council* for work on the Thames river bank in the Beckton gasworks area. This involves raising the bank by about two *metres along* a 1.2 km frontage extending up-stream from Barking Creek.

Construction will be largely *in the form of reinforced con*crete walls on steel bearing piles with sheet pile cut-offs, retained by ground anchors where necessary.

At Tilbury Docks, the company has carried out a subcontract for Trafalgar House's Cleveland Bridge and Engineer*ing—a main contractor to the* Anglian Water Authority—on a £1.6m scheme for the provision of a flood defence gate at the lock entrance.

This contract is worth about £200,000 and involved underwater work on the lock entrance apron using divers in a bell. Consulting engineers were Peter Fraenkel and Partners.

At the Shell Haven refinery, Shell UK Oil has awarded Mowlem a £1m contract for the design and construction of a laboratory building which will have a reinforced concrete slab and frame on piled foundations with brick infill panels. Work has started on this with comple*tion scheduled next summer.*

Other work includes further projects at Shell Haven, work at Coryton Refinery, Stanford*le-Hope*, Essex, *and a number* of river works contracts for a variety of clients.

£3m project for Lovell

CONSTRUCTION OF research laboratories and offices comprises a £3m package deal for Y. J. Lovell (Southern) which has won the contract from Upjohn, maker of pharmaceutical products.

Work has started on the project at Crawley, Sussex, on virgin land at the front of Upjohn's existing facility at Fleming Way.

Structure will have a steel frame on concrete pad foundations, metal panel cladding, precast concrete first floor and felted steel roof. Internally, the fully air-conditioned building will have suspended ceilings and metal faced partitioning.

Work also includes fitting out the offices and laboratories, with complex electrical installation carried out by Renelec (part of Lovell), and mechanical installation by Carter Building Engineering Services.

Awards to Whitehead

NEW WORK being undertaken by the Whitehead Group has a total value of £2m.

Projects are at Penrith Industrial Estate (for A. E. Yates); Blackpool Midgelands pumping *station (for George* Catterall and Sons); Bolton (a mosque for the Muslim Society, also for George Catterall); *Bolton again, a community* centre for Vishwa Hindu Parishad (UK) (George Catterall); Carnworth, factory for English *Industrial Estates* (James E. Turner); and a warehouse at Blackpool for Worthington Components (James E. Turner).

Moving a ferry terminal

CITY OF Portsmouth has awarded Mears Contractors a contract valued at £1.3m for the relocation of the Isle of Wight ferry terminal.

Work here is associated with a scheme to move the terminal to the site of an old dry dock in the Outer Chamber in Portsmouth Harbour, and includes building a steel sheet pile wall as an extension of No. 2 berth, fendering existing Nos. 1 and 2 berths and provision of an open deck extension to No. 1 berth.

Big factory complex by Willett

AWARD OF a £6.3m contract for the construction of a new factory for Beecham Food and Drinks Division at Rugby, Warwickshire has gone to Willett (Trafalgar House Group).

The consultant architects, engineers and quantity surveyors are Design Group for Industry who, together with Beecham Products, have designed and planned the development.

The 16,500 sq. metre complex will comprise three separate buildings and extensive external works, located on a green field site within an industrial development estate. The 14-month contract is due for completion in September 1981.

Lift makers link

HAMMOND AND CHAMPNESS, one of the UK's leading manufacturers and installers of commercial, industrial, domestic and special-purpose lifts, has *acquired the service*, repair and field installation activities of the Lift Division of Herbert Morris of Loughborough.

As part of the agreement, the Division's work force will join Hammond and Champness's new Loughborough operation and H and C will be completing, on a sub-contract basis, all new lift installations on the Herbert Morris order book.

Contract in Oman

TWO CONTRACTS in the *Sultanate of Oman, together* worth about £2.1m have been obtained by Wimpey Alawi L.L.C.

The largest, at £1.7m, is for the Ministry of Communications and is for the construction of 9.8km single carriageway feeder roads including a seven span bridge on the Oman-Bausher road. Consultant engineers are Sauti Ici—Italy.

A further contract, at £409,000, is for the Ministry of Defence, for the construction, completion and maintenance of training facilities at the Oman Naval Training centre. Consultant engineers are J. and A. Philippou of Cyprus.

Back in the UK, Wimpey has won a £1m contract for advance factory units for Redditch Development Corporation. Work has begun on the 12 units which will be in two blocks. The company has also been awarded a £753,000 contract by Capital and Counties Property Company for an office block in High Road, South Woodford, Essex. A 3-storey reinforced concrete and load bearing brick building is called for to provide 1,800 square metres of floor area. There will also be a 285 square metre basement car park.

Supermarket and flats

WORK HAS just been started *by John Laing on a two-year* £6½m project for Tesco at Thornton Heath, near Croydon, involving a new supermarket *and over 120 flats and bedsitters.*

Tesco's store will front on to Brigstock Road and will have a two-storey block of 15 two-bedroomed flats and a caretaker's flat above the trading area.

On another part of the site, a seven-storey block will provide 69 one-bedromed flats; and an additional part three-, part four-storey block fronting Parchmore Road will have 20 one-bedromed flats, 19 bedsitters and a warden's flat, plus an amenity area for tenants.

In Birmingham Laing is fitting out an 18-storey office block in Broad Street for the Midlands region of British Telecom under a contract worth about £1.5m.

Housing in Scotland

MEMBER COMPANY of William Leech, Leech Homes (Scotland) announces a house-building project for two new private residential developments, together worth a total *of £2.7m.*

At Glen Park Estate, Glen Mavis, near Airdrie, the company will construct about 50 *new homes of three different* types on a 10 acre site. Houses will be in the £30,000 to £36,500 price range, and the contract *value is worth £1½m.*

At Old Monklands Manse site at Coatbridge, Lanarkshire, 39 homes of two types will cover a 3.3 acre site and this project, worth just under £1.2m, will include the provision of a new manse on the site. Homes for *sale here will cost from £18,500* to £28,500.

Synagogue at Leeds

THE LEEDS Jewish Workers Co-operative Society has appointed E. C. Harris and Partners to provide full quantity surveying services for the construction of a synagogue complex at Fir Tree Wood, Moortown, Leeds.

This is due for completion in August next year and will be a two-storey building. Ground floor is to have a horseshoe-shaped balcony overhead (total seating capacity 739) and a banqueting hall, with bar and kitchen facilities, will cater for 300 people.

Interior brickwork will be light in colour and the exterior walls will be of dark brick.

Complex has been designed by Leslie Owen Associates in association with Stuart Leventhall.

Wiltshiers get busy in Egypt

MANAGEMENT PERSONNEL and construction expertise will be provided by Wiltshiers to Egyptian contractor, The Arab Company for Contractors and Commerce, for the new 25-storey El Nasr Tower, at Miami beach, Alexandria.

This project comprises a commercial centre, three floors of office accommodation, restaurant facilities, shop units, and a sea front casino located on the ground floor.

Four hundred apartment suites make up the remaining 20 floors, each of which overlook Miami beach.

Wiltshiers has been in residence in Alexandria from the early stages of the project in order to give the fullest possible assistance and service to the Egyptian contractor, and further co-operation between the two companies is anticipated, with negotiations already under way for Wiltshiers' management and expertise to be used on other major projects in the area.

The Arab Company for Contractors and Commerce is also currently constructing two residential blocks in Ataba Square, three similar buildings in Heliopolis, and a sports centre with apartments above overlooking the sea in Alexandria.

The El Nasr Tower is scheduled for completion within about 30 months.

Myton gets £2m award

CONSTRUCTION OF a seven-storey office block within retained facades at 62-64 Can*non Street*, London, EC4 is to be undertaken by Myton (Taylor Woodrow Group) for Legal and General Assurance (Pensions Management).

Architect for this £2m project is G. M. W. Partnership and the quantity surveys are A. E. Thornton-Firkin and Partners.

The existing Victorian facade of the seven-storey block is to be retained from the fourth-floor level downwards. The whole block will then be reconstructed within a reinforced concrete frame on piled foundations, with four new fooors above the retained facade.

Work will begin on November 3 for completion in the spring of 1982.

Industrial work

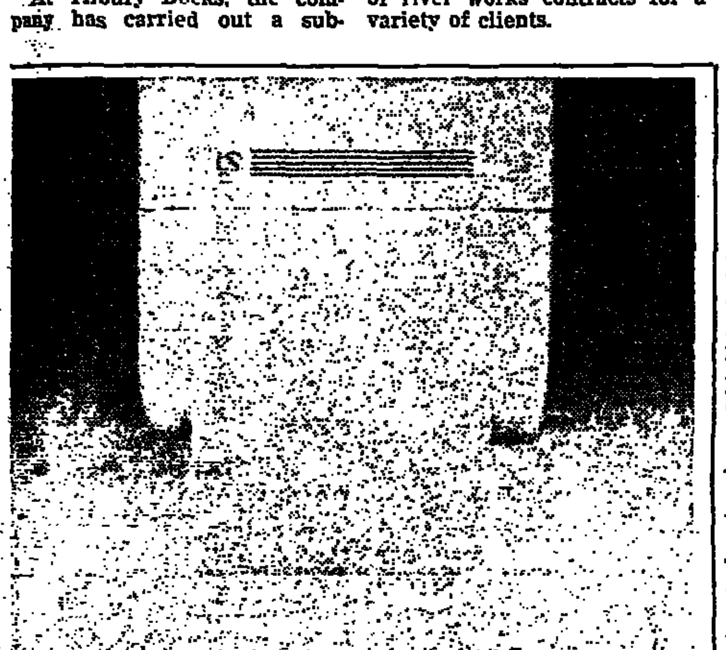
LARGEST OF the latest contracts awarded to R. M. Douglas Construction is worth £1m and is for an advance factory at *Neath for the* Welsh Development Agency.

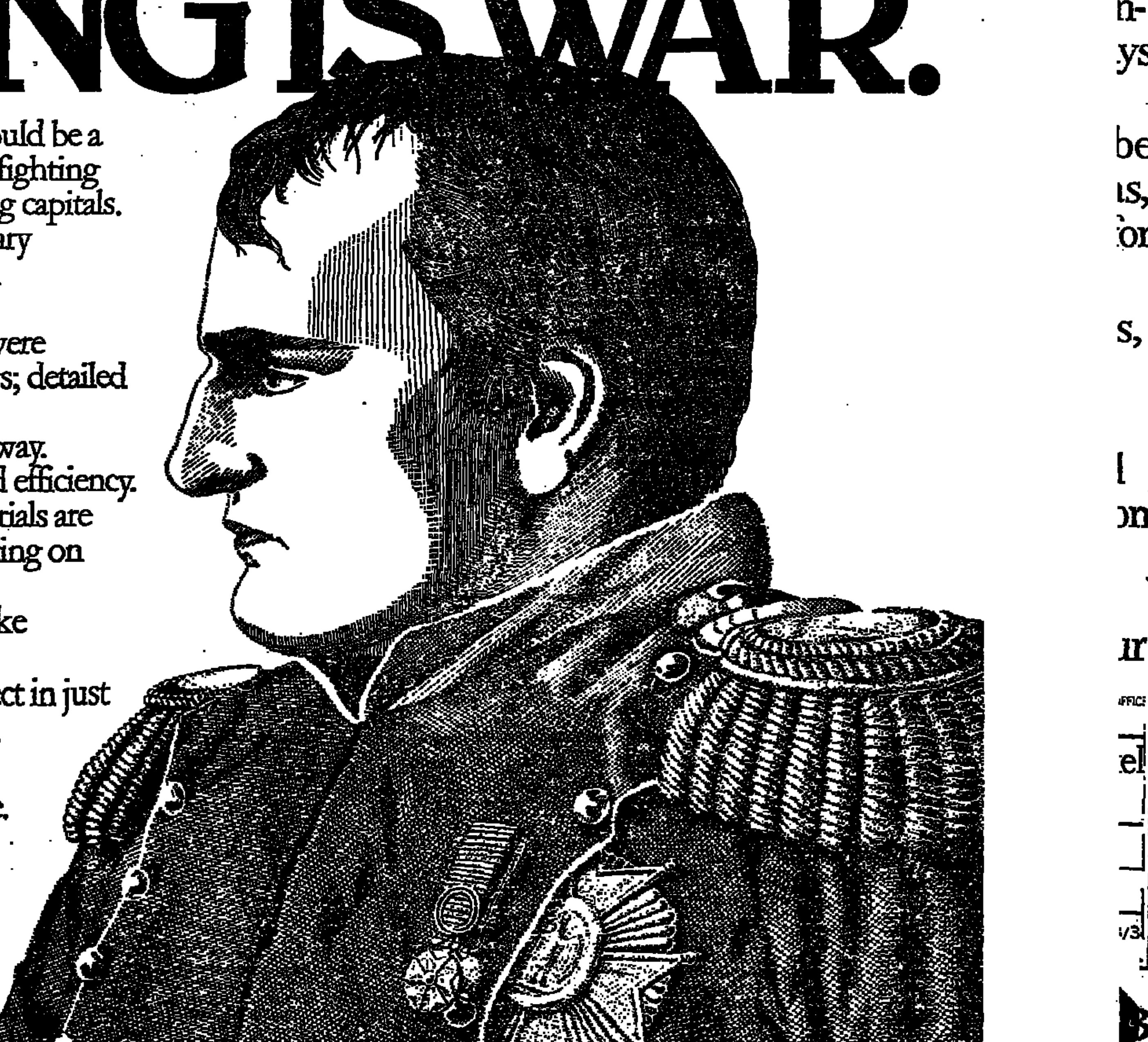
Other awards are for factory refurbishment at Ponthenri, again for the Welsh Development Agency (£845,000), for laboratory buildings at Bridgend for Courtaulds Engineering (£409,000) and for a pilot plant at High Wycombe, Bucks, for G. D. Searle and Co. (£771,000).

IN BRIEF

- An independent radio broadcasting station for West Yorkshire Broadcasting Company is to be built by Totty Building Group nearby Yorkshire Television studios under a contract worth over £350,000.
- D. A. Green and Sons will undertake fabrication and erection of structural steelwork for advance factory units at Orton for Peterborough Development Corporation at a cost of £196,000. The company will also supply six portal frame industrial units on the Birches Industrial Estate, East Grinstead, Sussex, to a value of £100,000, for Artagen Properties (main contractor is JW Construction).
- English Industrial Estates announces the start of two advance factories: at Langthwaite Grange Industrial Estate, Hemsworth, South Kirkby, Firth Construction will build a unit worth £168,300 for Department of Industry; also for the DoI at Stallingborough, Cleethorpes, Humberside, contract worth about £287,000 has been awarded to Mason Construction (Skegness).

CONTRACTS AND TENDERS





American Airlines boosts sales despite low traffic

BY IAN HARGREAVES IN NEW YORK

AMERICAN AIRLINES enjoyed a sharp increase in sales in the third quarter and, helped by a substantial one-off gain resulting from the rescheduling of some long-term debt, reported $62.5m net earnings for the quarter.

The extraordinary gain accounted for $49.4m of the profits, but American's 18.2 per cent increase in revenues at a time when the volume of traffic was still very slow indicates the extent to which the large U.S. airlines have succeeded in lifting prices on most of their routes.

Third quarter revenues were $1.02bn, up from $860m in the third quarter of 1979, when American earned $2.8m. For the first nine months, American lost $14.2m, compared with earnings of $91.2m in the first three-quarters of 1979.

The airline's available seat miles in the third quarter were 5.2 per cent lower than in the year earlier quarter, resulting in a load factor (percentage of seats occupied) of 62.2 per cent, compared with 67.4 per cent. Operating expenses were 14.2 per cent higher, although American managed to contain its non-fuel costs to a 7.9 per cent increase.

Although American has, along with several other large carriers, been engaged in a cut throat pricing battle on New York-California fares in recent months, it has on the bulk of its routes been urgently reducing the scope of discount fares.

Last week, American filed with the Civil Aeronautics Board to increase its Super-Saver mid-week discount fares and to increase restrictions on these cheaper tickets' availability.

Because American was the first large airline to introduce this type of marketing, the decision is considered a critical move in an industry which desperately needs to improve profitability. In the first half of the year, all but a handful of the large airlines lost money and most are not currently paying dividends.

Renault in U.S. factory robot venture

By Terry Dodsworth in Paris

RENAULT, the French motor group, is to begin manufacturing its range of industrial robots in the U.S. through a joint organisation set up with Ransburg Corporation, a leading American industrial equipment concern.

The aim of the new company, Cybotech, will be to use Renault's technology, mainly developed so far for its own car factories, to capture a significant proportion of a market which is believed to be on the point of take-off in the U.S.

In the longer term, it is hoped that Cybotech will develop its own products, for which Renault's machine tool subsidiary, RIET, will have the licence in Europe and some other marketts. RIET will be subscribing 49 per cent of Cybotech's $5m capital.

The deal marks the growing interest throughout the world in the application of industrial robots. Used up to now mainly for highly repetitive welding jobs, robots are rapidly taking over complex—and unhealthy—painting tasks in car factories, and are now on the point of moving into simple assembly functions.

The Renault group is reckoned to have invested some $15m in robot technology since it made the decision to move into this area of business six years ago. It is currently investing some $2m a year, and has expanded production in its specialised machine tool subsidiary to 100 machines a year.

PENDING DIVIDENDS

For the convenience of readers the dates when some of the more important company dividend statements may be expected in the next few weeks are given in the following table. The dates shown are those of last year's announcements, except where the forthcoming board meetings (indicated thus*) have been officially published. It should be emphasised that the dividends to be declared will not necessarily be at the amounts or rates per cent shown in the column headed "Announcement last year."

	Date	Announcement last year		Date	Announcement last year
Acrow	Nov. 6	Int. 1.5	*London Brick	Oct. 21	Int. 1.734
Allied Irish Banks	Oct. 31	Int. 2.75	London and Mid. Inds.	Nov. 8	Int. 2.9
Assoc. Brit. Foods	Nov. 6	Int. 1.1	*London and Northern	Oct. 22	Int. 1.4
*Bank of Ireland	Nov. 6	Int. 7.5	*Lucas Inds.	Nov. 10	Final 8.433
*Bell (A.)	Oct. 29	Final 3.52	*Mallinson-Denny	Oct. 29	Int. 1.5
*Berec	Oct. 24	Int. 1.3	*Peachey Prop.	Oct. 21	Final 2.0
Boots	Nov. 15	Int. 2.875	Readicut Ind.	Nov. 7	Int. 0.55
Brit. & Comm. Shipping	Nov. 15	Int. 5.5	Reed Intl.	Oct. 30	Int. 4.0
*Brit. Home Stores	Oct. 22	Int. 3.5	Sainsbury (J.)	Nov. 7	Int. 3.0
British Sugar	Nov. 15	Final 5.885	Sketchley	Oct. 23	Int. 2.8
*Brooke Bond	Oct. 21	Final 2.635	*Smiths Inds.	Nov. 11	Final 8.136
Chloride	Nov. 14	Int. 1.7	Smith (W. H.)	Nov. 13	Int. 2.0
*Coats Patons	Oct. 30	Int. 1.4	*Spirax-Sarco	Oct. 24	Int. 2.5
De La Rue	Nov. 13	Int. 6.6	*Telephone Rentals	Oct. 22	Int. 1.8
*Ductile Steels	Oct. 21	Final 4.881	Tozer Kmsly. Millbourn	Oct. 23	Int. 1.59
Eastern Produce	Oct. 19	Int. 1.4	*UBM	Oct. 21	Int. 2.0
Harrisons & Crosfield	Oct. 30	Int. 7.5	Unilever	Nov. 14	Int. 8.94
*Hawker Siddeley	Oct. 22	Int. 3.0	Whitbread	Nov. 6	Int. 1.494
Hepworth (J.)	Oct. 30	Final 3.0	Wisly.-Hughes	Nov. 9	Final 8.764
Hill Samuel	Nov. 14	*Int. 1.834*			
Land Secs.	Nov. 15	Int. 2.5			

* Board meeting intimated. † Rights issue since made. ‡ Tax free. § Scrip issue since made. ¶ Forecast.

CORAL INDEX: Close 478-483 (unchanged)

Sime Darby warns of slowdown

By Wong Sulong in Kuala Lumpur

SIME DARBY, Malaysia's largest company, expects earnings for the current year, ending June, 1981, to slow down, after five years of strong growth, Tun Tan Siew Sin, the chairman, says in his annual report.

The restraint on trading profits is forecast to come from the plantation division affected by weak commodity prices

For the last financial year, Sime increased pre-tax profits by 22 per cent to 266m ringgit. It paid a dividend of 13 Malaysian cents per share.

Fl 75m finance package for Dutch paper-maker

BY CHARLES BATCHELOR IN AMSTERDAM

A REFINANCING package of Fl 75m ($38m) for the loss making Dutch paper-maker, Van Gelder Papier, has been agreed by the Dutch Government, comercial banks and Crown Zellerbach, the U.S. paper group.

The money will go towards sterngthening the financial position of a subsidiary company, Van Gelder Courantenpapier Fabriek which has experienced considerable start-up problems with a newsprint factory at Rankum, near Arnhem.

The state-sponsored Nationale Investeringsbank will provide additional financing of Fl 65m comprising Fl 40m in the form of new share capital and Fl 25m as a subordinated loan. Van Gelder's banks will provide a further Fl 10m by deferring the repayment of principal and interest on existing loans to the company.

Van Gelder recently announced a net loss of Fl 53.9m for the first half of 1980, more than double the loss in the same period in 1979, on sales which were 8 per cent higher, at Fl 416m.

BASE LENDING RATES

A.B.N. Bank	16 %	■ Hambros Bank	16 %
Allied Irish Bank	16 %	■ Hill Samuel	§16 %
American Express Bk.	16 %	C. Hoare & Co.	†16 %
Amro Bank	16 %	Hongkong & Shanghai	16 %
Henry Ansbacher	16 %	Industrial Bk. of Scot.	16½%
A P Bank Ltd.	16 %	Keyser Ullmann	16 %
■ Arbuthnot Latham	16 %	Knowsley & Co. Ltd.	18 %
Associates Cap. Corp.	16 %	Langris Trust Ltd.	16 %
Banco de Bilbao	16 %	Lloyds Bank	16 %
BCCI	16 %	Edward Manson & Co.	17 %
Bank of Cyprus	16 %	Midland Bank	16 %
Bank of N.S.W.	16 %	■ Samuel Montagu	16 %
Banque Belge Ltd.	16 %	■ Morgan Grenfell	16 %
Banque du Rhone et de la Tamise S.A.	16½%	National Westminster	16 %
Barclays Bank	16 %	Norwich General Trust	16 %
Bremar Holdings Ltd.	17 %	P. S. Refson & Co.	16 %
Brit. Bank of Mid. East	16 %	Rossminster	16 %
■ Brown Shipley	16 %	Ryl. Bk. Canada (Ldn.)	16 %
Canada Perm't Trust	17 %	Schlesinger Limited	16 %
Cayzer Ltd.	16 %	E. S. Schwab	16 %
Cedar Holdings	16 %	Security Trust Co. Ltd.	17 %
■ Charterhouse Japhet	16 %	Standard Chartered	16 %
Choulartons	16 %	Trade Dev. Bank	16 %
C. E. Coates	16 %	Trustee Savings Bank	16 %
Consolidated Credits	16 %	Twentieth Century Bk.	16 %
Co-operative Bank	*16 %	United Bank of Kuwait	16 %
Corinthian Secs.	16 %	Whiteaway Laidlaw	16½%
The Cyprus Popular Bk.	16 %	Williams & Glyn's	16 %
Duncan Lawrie	16 %	Wintrust Secs. Ltd.	16 %
Eagil Trust	16 %	Yorkshire Bank	16 %
E. T. Trust Limited	16 %		
First Nat. Fin. Corp.	18 %		
First Nat. Secs. Ltd.	18 %		
Robert Fraser	16 %		
Antony Gibbs	16 %		
Greyhound Guaranty	16 %		
Grindlays Bank	‡16 %		
■ Guinness Mahon	16 %		

■ Members of the Accepting Houses Committee.
* 7-day deposits 14%, 1-month deposits 14¼%.
† 7-day deposits on sums of £10,000 and under 14%, up to £50,000 14½% and over £50,000 14¾%.
‡ Call deposits over £1,000 14%.
§ Demand deposits 14½%.

CURRENCIES, MONEY AND GOLD

Banks face cosmetics problem

BY COLIN MILLHAM

The shortage of overnight money became acute in London last Wednesday, but conditions were not much better during the rest of the week. Signs of the problems on banking make-up day began to show through on Tuesday, when the interbank overnight rate finished at 30 per cent. The following day unsecured call money eased to 17¾ per cent fairly early in the morning, but discount houses realising the strength of their position on published figure day were bidding only 10 per cent for secured funds.

Banks in London are required to keep 12½ per cent of their sterling deposit liabilities in the form of call money with the discount houses, Treasury bills and various other bills eligible for rediscount with the authorities, gilt-edged stocks with less than one year to maturity, and balances with the Bank of England.

These are known as reserve assets, and although it is up to each bank to decide how its *portfolio of reserve assets is* made up, the problem with the present system is that too many banks only obey the rules when forced to on the third Wednesday of each month, otherwise known as make-up day.

About 60 per cent of the banks' reserve assets are held in the form of call money with the discount market, but obviously this is not a very profitable area. Since they enjoy lender of last resort facility with the Bank of England, the houses are unlikely to pay more than Minimum Lending Rate for their funds from the banks. London's position as a major financial centre has attracted a very large number of banks into the capital, and many of them are not too careful about keeping the right ratio of reserve assets, preferring to have more of their funds in higher yielding investments.

This is why on Wednesday when they had to make up their books, some banks were forced to pay 150 per cent for overnight money, while the discount houses were paying only around 10 per cent, although a couple of houses were still short at the close and had to pay 16 per cent for a small sum from the authorities.

Even the major clearing banks, who are very careful to keep their books in order throughout the month, found problems on Wednesday, and at the close it was touch and go whether they were running the correct reserve asset position. Clearly the present system requires some adjustment.

GOLD

	Oct. 17		Oct. 16	
Gold Bullion (fine ounce)				
Close	$665-668	(£275¼-276½)	$672-675	(£279¼-280½)
Opening	$668-671	(£276¾-278)	$672-675	(£278-279¼)
Morning fixing	$667.75	(£276.158)	$673.50	(£279.669)
Afternoon fixing	$670.50	(£277.100)	$674.00	(£279.147)
Gold Coins				
Krugerrand	$687-689	(£284-285)	$694-696	(£287-289)
1/2 Krugerrand	$357-362	(£147½-150½)	$354-359	(£145-149)
1/4 Krugerrand	$180-185	(£74½-77½)	$179-183	(£72-76)
1/10 Krugerrand	$73-76	(£30-32)	$72½-75½	(£30½-32)
Mapleleaf	$681-684	(£281½-284)	$688-692	(£284½-287½)
New Sovereigns	$169¾-170¾	(£70¼-71)	$171-172	(£70¾-71½)
King Sovs	$190-192	(£78½-79½)	$192-194	(£79½-81)
Victoria Sovs	$190-192	(£78½-79½)	$192-194	(£79½-81)
French 20s	$170½-172		$170½-173½	
50 pesos Mexico	$830-833		$834-840	
100 Cor. Austria	$652-656		$656-660	
$20 Eagles	$776-780		$779-783	

OTHER CURRENCIES

Oct. 17	£	$		£ Note Rates
Argentina Peso	4697-4707	1940-1947	Austria	31.20-31.50
Australia Dollar	2.0525-2.0565	0.8505-0.8510	Belgium	70.-8571.55
Brazil Cruzeiro	140.77-141.77	58.28-58.48	Denmark	13.64-13.79
Finland Markka	8.90-8.91	3.6800-3.6810	France	10.20-10.30
Greek Drachma	103.565-106.061	42.80-42.95	Germany	4.43-4.47
Hong Kong Dollar	12.131-12.151	5.0170-5.0200	Italy	2085-2188
Iran Rial	n.a.	n.a.	Japan	502-507
Kuwait Dinar (KD)	0.642-0.648	0.2672-0.2675	Netherlands	4.79-4.83
Luxembourg Frc.	71.20-71.30	29.48-29.50	Norway	11.80-11.90
Malaysia Dollar	5.1390-5.1490	2.1250-2.1270	Portugal	116-129
New Zealand Dlr.	2.4570-2.4620	1.0180-1.0190	Spain	174¼-184
Saudi Arab. Riyal	7.98-8.04	3.3200-3.3220	Sweden	10.09-10.21
Singapore Dollar	5.0345-5.0445	2.0820-2.0840	Switzerland	3.97½-4.01½
Sth. African Rand	1.8130-1.8140	0.7505-0.7510	United States	2.41-2.42½
U.A.E. Dirham	8.87-8.93	3.6875-3.6925	Yugoslavia	73-76

Rate given for Argentina is free rate.

THE DOLLAR SPOT AND FORWARD

Oct. 17	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	2.4120-2.4230	2.4150-2.4160	0.63-0.53c pm	2.88	1.53-1.43 pm	2.45
Ireland†	2.0360-2.0440	2.0360-2.0390	0.10c pm-par	0.29	0.25 pm-par	0.24
Canada	1.1663-1.1675	1.1670-1.1673	0.31-0.26c pm	2.93	0.65-0.60 pm	2.14
Nethlnd.	1.9840-1.9950	1.9840-1.9850	0.62-0.52c pm	3.45	1.71-1.61 pm	3.34
Belgium	29.42½-29.50	29.48-29.50	7½-6c pm	2.75	12-9 pm	1.43
Denmark	5.6540-5.6650	5.6590-5.6615	¼-¾ore dis	−1.06	3¼-3¾ dis	−2.47
W. Ger.	1.8320-1.8435	1.8420-1.8430	0.87-0.83pf pm	5.53	2.35-2.30 pm	5.05
Portugal	50.45-50.62	50.45-50.55	10-25c dis	−4.16	40-85 dis	−4.95
Spain	74.63-74.75	74.63-74.68	60-75c dis	−10.85	170-195 dis	−9.78
Italy	871.00-872.50	872.00-872.50	5¼-6¼ lire dis	−7.91	21¼-23 dis	−10.15
Norway	4.8905-4.8927	4.8910-4.8920	2.35-1.85ore pm	5.16	2.85-2.35 pm	2.13
France	4.2410-4.2520	4.2500-4.2520	0.85-0.75c pm	2.26	1.50-1.35 pm	1.34
Sweden	4.1875-4.1910	4.1890-4.1905	0.30-0.45ore dis	−1.07	1.60-1.75dis	−1.60
Japan	207.80-208.60	208.20-208.30	0.75-0.60y pm	3.89	1.85-1.70 pm	3.41
Austria	12.99½-13.01½	12.99¼-13.00¼	2.80-2.20gro pm	2.31	4.75-3.00 pm	1.19
Switz.	1.6520-1.6600	1.6570-1.6580	1.38-1.33c pm	9.81	3.39-3.34 pm	8.12

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency.

THE POUND SPOT AND FORWARD

Oct. 17	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	2.4120-2.4230	2.4150-2.4160	0.63-0.53c pm	2.88	1.53-1.43 pm	2.45
Canada	2.8135-2.8280	2.8170-2.8180	1.55-1.45c pm	6.39	3.32-3.22 pm	4.64
Nethlnd.	4.79-4.84	4.82½-4.83½	3½-2½c pm	8.83	7⅞-6⅞ pm	6.11
Belgium	70.80-71.40	71.20-71.30	35-25c pm	5.05	78-63 pm	3.82
Denmark	13.62-13.70	13.67¼-13.68¼	2½-1ore pm	1.59	½ pm-½ dis	—
Ireland	1.1775-1.1860	1.1850-1.1860	0.27-0.20p pm	2.38	0.56-0.47 pm	1.72
W. Ger.	4.42-4.46	4.44½-4.45½	3½-2½pf pm	8.42	8⅞-7⅞ pm	7.52
Portugal	121.70-122.40	121.80-122.00	5c pm-35 dis	−1.48	15-130 dis	−2.38
Spain	179.60-180.80	180.20-180.30	100-140c dis	−7.99	295-380 dis	−7.27
Italy	2,096-2,112	2,106½-2,107½	7-10lire dis	−4.84	36-39 dis	−7.12
Norway	11.79-11.86	11.82¼-11.83¼	8½-6⅞ore pm	7.74	14¾-13¾ pm	4.75
France	10.20-10.29	10.26¼-10.27¼	4½-3½c pm	4.96	10½-9¾ pm	3.80
Sweden	10.08-10.15	10.11½-10.12½	2-1½ore pm	2.00	2⅞-2⅜ pm	1.01
Japan	500-508	502½-503½	3.15-2.90y pm	7.22	7.80-7.50 pm	6.08
Austria	31.20-31.55	31.45-31.50	15-12gro pm	5.15	30-25 pm	3.49
Switz.	3.98½-4.02½	4.00-4.01	4½-3½c pm	11.98	11½-10½ pm	10.61

Belgian rate is for convertible francs. Financial franc 71.50-71.60. Six-month forward dollar 2.03-1.93c pm, 12-month 2.60-2.50c pm.

FT LONDON INTERBANK FIXING (11.00 a.m. OCTOBER 17)

3 months U.S. dollars		6 months U.S. dollars	
bid 13 5/16	offer 13 7/16	bid 13 5/16	offer 13 7/16

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 am each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

EURO-CURRENCY INTEREST RATES (Market Closing Rates)

Oct. 17	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	West German Mark	French Franc	Italian Lira	Asian $	Japanese Yen
†Short term	18½-19	12⅞-13⅛	8¾-9¾	9 1/16-9⅝	1-1½	8 3/16-8 5/16	11⅝-11⅞	14-17	4⅜-4⅞	8-8½
7 days' notice	17½-18	13-13¼	9½-10½	9 1/16-9⅝	1½-2	8 3/16-8 5/16	11⅝-11⅞	17¼-19¼	13-13⅛	8½-9
Month	16½-16⅝	13⅞-14⅛	10¼-10⅝	9⅝-9¼	4 1/16-4 3/16	8½-8⅝	11 1/16-11 3/16	21-22	13 11/16-13 13/16	9¼-9½
Three months	16⅛-16¼	13 7/16-13 9/16	11¼-11½	9 7/16-9⅝	5 1/16-5 3/16	8 7/16-8 9/16	11⅞-12⅛	18¾-19¾	13¼-13⅜	9⅜-9⅝
Six months	15 7/16-15 9/16	13 7/16-13 9/16	12-12¼	9 7/16-9⅝	5 7/16-5 9/16	8 7/16-8 9/16	12 1/16-12 3/16	23-24	13 7/16-13 9/16	9⅝-9⅝
One Year	14 7/16-14 9/16	12¾-13	12-12¼	9 7/16-9⅝	5 7/16-5 9/16	8 7/16-8 9/16	12 11/16-12 13/16	22½-23½	12⅝-12¾	9¼-9½

Long-term Eurodollar two years 12¾-13 per cent; three years 12¾-13 per cent; four years 12¾-13 per cent; five years 12¾-13 per cent nominal closing rates. Short-term rates are call for sterling, U.S. dollars, Canadian dollars and Japanese yen; others two-days' notice. Asian rates are closing rates in Singapore.

The following nominal rates were quoted for London dollar certificates of deposit: one-month 12.95-13.05 per cent; three-months 13.00-13.10 per cent; six-months 12.90-13.00 per cent; one year 12.60-12.70 per cent.

LONDON MONEY RATES

Oct. 17 1980	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount market deposits	Treasury Bills ♦	Eligible Bank Bills ♦	Fine Trade Bills ♦
Overnight	—	17-20	—	—	—	—	16¾-16	—	—	—
2 days notice	—	—	17¼-17½	—	—	—	—	—	—	—
7 days or	—	—	—	—	—	—	—	—	—	—
7 days notice	—	17¾-18	17¼	—	18½	16⅞-17½	16⅝-15⅞	—	—	—
One month	16 11/16-16⅜	16 11/16-16 13/16	16⅝-16¾	16¾-17	17⅛	16⅜-16½	15⅝	14 13/16-14 11/16	16 1/16-16⅛	16½
Two months	16⅛-16 3/16	16⅛-16 3/16	—	16⅝-16¾	16⅝	—	14⅞	14 13/32	15 15/16-15⅞	16⅜
Three months	16 1/16-15 15/16	16 1/16-16⅛	15¾	15⅝-16	16⅜	16⅜-16½	14½-14⅝	14 7/16-14 13/32	15¼-15¼	16¼
Six months	14⅞-14⅝	15-15⅛	14¾-14⅞	14½-14⅞	15½	15¾	—	—	15¾	14⅝
Nine months	14¼-14⅛	14½-14⅝	—	14⅜-14¾	14⅝	15¼	—	—	—	—
One Year	13 13/16-13 11/16	14 1/16-14 3/16	13⅞-14	13⅞-14⅛	14⅜	15	—	—	—	—
Two years	—	—	13⅝	—	—	—	—	—	—	—

Local authority and finance houses seven days' notice, others seven days fixed. Long-term local authority mortgage rates nominally three years 13½ per cent; four years 13½-13¾ per cent; five years 13¾-13⅞ per cent. ♦Bank bill rates in table are buying rates for prime paper. Buying rates for four-month bank bills 14⅞ per cent; four-months trade bills 15⅞ per cent.

Approximate selling rate for one-month Treasury bills 14¾-14 11/32 per cent; two-months 14 [illegible] per cent; three-months [illegible] per cent. Approximate selling rate for one-month bank bills 15¾-16 per cent; two-months 15¾ per cent; three-months 15¾-15⅝ per cent; one-month trade bills 16½ per cent; two-months 16½ per cent and three-months 15½ per cent.

Finance Houses Base Rates (published by the Finance Houses Association) 16½ per cent from October 1, 1980. Clearing Bank Deposit Rates for sums at seven days' notice 14 per cent. Clearing Bank Rates for lending 16 per cent. Treasury Bills: Average tender rates of discount 14.2720 per cent.

CURRENCY RATES

Oct. 17	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	16	0.541729	0.573996
U.S. $	11	1.30898	1.38798
Canadian $	11.60	1.52719	1.62019
Austria Sch	6¾	17.0324	18.0021
Belgium F	12	38.5495	40.8483
Danish K	12	7.41406	7.84417
D'mark	7½	2.40878	2.54861
Guilder	8½	2.61011	2.76375
French Fr	9½	5.54877	5.88295
Lira	16½	1141.10	1209.62
Yen	8.25	273.446	289.075
Norwgn. Kr.	9	6.40157	6.79069
Spanish Pts.	8	97.6263	103.840
Swedish Kr.	10	5.46332	5.81175
Swiss Fr.	3	2.17028	2.29322

Public Works Loan Board rates

Effective from October 18

Years	Quota loans repaid by EIP†	Quota loans repaid A‡	Quota loans repaid at maturity§	Non-quota loans A* repaid by EIP†	Non-quota loans A* repaid A‡	Non-quota loans A* repaid at maturity§
Up to 5	13	13	13	14	13½	13½
Over 5, up to 10	13	13¼	13⅜	13½	13⅝	13⅞
Over 10, up to 15	13¼	13⅜	13⅝	13⅝	13⅝	13⅞
Over 15, up to 25	13⅜	13⅜	13⅜	13½	13⅝	13½
Over 25	13⅜	13½	13½	13⅞	13⅝	13⅞

* Non-quota loans B are 1 per cent higher in each case than non-quota loans A. † Equal instalments of principal. ‡ Repayment by half-yearly annuity (fixed equal half-yearly payments to include principal and interest). § With half-yearly payment of interest only.

RECENT ISSUES

EQUITIES

Issue Price p	Amount Paid Up	Latest Renunc. Date	1980 High	1980 Low	Stock	Closing Price p	+ or −	Div. P. or Amount	Times Covered	Gross Yield	P.E. Ratio
§15	F.P.	—	32	26	††Baker (John) Pfd 18p	32	+1	—	—	—	—
¶¶	F.P.	—	310	215	††Brint Invs.	305	−5	—	—	—	—
¶¶	F.P.	—	438	338	BP Restricted Trans.	438	+2	17.5	4.7	5.7	4.1
80	F.P.	—	80	70	††H'sk'th M'rcyc's 5p	72					
67	F.P.	—	145	92	††ORE	125	+3	—	—	—	—
§150	F.P.	—	191	180	††Trust Securities 40p	191	......	‡7.88	2.9	6.0	—

FIXED INTEREST STOCKS

Issue price £	Amount Paid Up	Latest Renunc. Date	1980 High	1980 Low	Stock	Closing Price £	+ or −
§100p	F.P.	—	115p	96p	††Baker (J) 7% Cnv. Pref.	111p	+2
¶¶	F.P.	10/10	114p	107p	Foseco Minsep 8½% Cnv Red Cum 2nd Prf	113p	......
¶¶	F.P.	10/10	111	102	Do 10% Conv Uns Ln 1995	111	+2
¶	£10	—	15½	14½	Lee Valley Water 9½% Red. Pref. 1987	15½	−1
‖	F.P.	31/10	117	106	Queens Moat 10½% Cons Uns Ln '89-91	107	......
‖	F.P.	10/11	116	103½	R.T.Z. 9½% Conv. Uns. Ln. '95-2000	108	......
‡	F.P.	—	97	95	S. Rhodesia 6% '78-81 Asstd.	96	......
‡	F.P.	—	70	65	Do. 4½% '77-82 Asstd.	65	......
‡	F.P.	—	42	35	Do. 3½% '80-85 Asstd.	35	......
‡	F.P.	—	25	20½	Do. 4½% '87-92 Asstd.	22	......
‖	Nil	—	7pm	3½pm	TownCentreSecs.9%Cnv.Uns.Ln.'96.2000	7pm	+½
‖	F.P.	17/10	36⅝	35¼	Western Deep 12% Uns. Deb. '86-93	36⅝	+1⅛
—	—	—	11⅞	10	Do. Options	11⅞	+1⅞
†	F.P.	—	312	285	Zimbabwe settlement annuity Reg.	285	......

"RIGHTS" OFFERS

Issue price p	Amount paid up	Latest Renunc. Date ●	Latest Renunc. Date ■	1980 High	1980 Low	Stock	Closing prices p	+ or −
54	Nil	—	—	18pm	16pm	Argyll Foods	16pm	−2
300	F.P.	20/10	5/12	365	342	STR	366	......
15	F.P.	—	—	31	27	††Baker (John)	31	......
100	F.P.	—	—	112	101	Do 7% Cnv Pref	111	......
115	Nil	—	—	20pm	17pm	Brixton Estate	20pm	+2
27	Nil	—	—	6½pm	6pm	Bulgin (A.F.) A	6½pm	+½
650	F.P.	20/10	10/11	800	770	Burnett & Hallamshire	790	......
A$3.58	Nil	—	—	158pm	138pm	CRA	134pm	−5
157	Nil	—	—	34pm	17½pm	Cape Industries	34pm	......
500	Nil	31/10	—	£3pm	£2½pm	Commercial Bk. of Nr. East	£2¾pm	......
R50	Nil	—	31/10	£23½pm	£16¼pm	ΔEast Rand Prop. Units	£16½pm	−2½
A$2	Nil	—	—	8pm	5pm	ElderSmith GoldbroughM'rt	5pm	......
80	Nil	—	—	43pm	33pm	Huntleigh	43pm	......
240	F.P.	6/10	14/11	365	335	M. L. Hldgs.	340	......
280	F.P.	17/10	7/11	323	302	Mills & Allen	338	+15
260	F.P.	—	—	395	317	††Pict Petroleum	395	+5
80	Nil	—	—	5pm	5pm	Pyke (Hldgs)	5pm	......
370	F.P.	17/10	14/11	447	428	Ricardo	447	+8

Renunciation date usually last day for dealing free of stamp duty. *b* Figures based on prospectus estimate. *g* Assumed dividend and yield. *u* Forecast dividend: cover based on previous year's earnings. *F* Dividend and yield based on prospectus or other official estimate for 1979. Q Gross. T Figures assumed. ‡ Cover allows for conversion of shares not now ranking for dividend or ranking only for restricted dividends. § Placing price to public. p‡ Pence unless otherwise indicated. ¶ Issued by tender. ‖ Offered to holders of ordinary shares as a "rights." ** Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation, merger or takeover. ‖‖ Introduction. [illegible]

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O.F.S.

[illegible]

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[illegible]

Diamond and Platinum

[illegible]

Central African

[illegible]

MINES—Continued

Australian

Dividends Paid		Stock	Price	Last xd	Div Net	Cvr	Yld Gr's
—		Acmex 50c	38	—	—	—	—
—		ACM 20c	23	—	—	—	—
—		Bond Corp.	126	—	Q7½c	ϕ	3.1
Nov.	Apr.	Bougainville I Kina	116	7.3	Q5½c2	1.0	11.5
		CRA 50c	388	974	tQ15c	2.1	8.5
—		Canada Northwest	17	—	—	—	—
—		Carr Boyd 20c	33	—	—	—	—
—		Central Pacific	340	—	—	—	—
—		Coltus Pacific N.L.	28	—	—	—	—
—		Eagle Corp. 10c	33	—	—	—	—

[illegible]

Tins

[illegible]

Copper

[illegible]

Miscellaneous

Dividends Paid		Stock	Price	Last xd	Div Net	Cvr	Yld Gr's
—		Anglo-Dominion	165	—	—	—	—
—		Barymin	54	—	—	—	—
May		Burma Mines 10p	15	14.4	0.62	1.1	6.0
—		Colby Res. Corp.	267	—	—	—	—
Aug.	Feb.	Cons. Murch. 10c.	283	30.6	tQ30c	1.6	6.1
—		††Hemerdon 10c.	95	—	—	—	—
—		Northgate C$1	510	977	—	—	—
Jan.	July	R.T.Z.	462	29.9	t16.0	3.2	4.9
—		Robert Mines	42	—	—	—	—
—		††SPO Minerals 10p	125	—	—	—	—
—		Sabina Inds. C$1.	44	—	—	—	—
—		††SWCM 10p	41	—	—	—	—
—		Tara Exptn. $1	550	—	—	—	—

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 30 per cent and allow for value of declared distribution and rights.

- ● "Tap Stock.
- ▾ Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ϕ Figures or report awaited.
- †† Unlisted security.
- ‡ Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividends or forecasts.
- ♦ Merger bid or reorganisation in progress.
- ♣ Not comparable.
- ♦ Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ♥ Excluding a final dividend declaration.
- ¢ Regional price.
- ‖ No par value.

§§ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. w Yield allows for currency clause. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1981-82. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1980-81. K Figures based on prospectus or other official estimates for 1979-80. L Dividend and yield based on prospectus or other official estimates for 1980. N Dividend and yield based on prospectus or other official estimates for 1981. P Figures based on prospectus or other official estimates for 1980-81. Q Gross. T Figures assumed. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xR ex capital distribution.

REGIONAL MARKETS

The following is a selection of London quotations of shares previously listed only in regional markets. Prices of Irish issues, most of which are not officially listed in London, are as quoted on the Irish exchange.

			IRISH		
Albany Inv. 20p	35	......	Conv. 9% '80/82	£94¾	......
Bertam	15	......	Nat. 9¾% 84/89	£83¾	−¼
Bdg'wtr. Est. 50p	475	......	Fin. 13% 97/02	£96½	+⅝
Craig & Rose £1	£11	......	Alliance Gas	52	......
Fife Forge	37	......	Arnott	215	+5
Finlay Pkg. 5p	27	......	Carroll (P.J.)	75	......
Graig Ship. £1	£21	......	Clondalkin	106xd	+1
Higsons Brew	67	−3	Concrete Prods.	82	......
Holt (Jos) 25p	260	+2	Heiton (Hldgs.)	34	......
I.O.M. Stm. £1	158	......	Ins. Corp.	300xd	......
Pearce (C. H.)	460	......	Irish Ropes	36	−2
Peel Mills	49	......	Jacob	33	......
Sheff. Refrshmt	95	−4	T.M.G.	63	......
Sindall (Wm.)	141	......	Unidare	80	......

OPTIONS

3-month Call Rates

Industrials					
A. Brew	7	I.C.I.	27	Utd. Drapery	6½
BOC Intl.	6	"Imps"	5½	Vickers	12
B.S.R.	4½	I.C.L.	14	Woolworths	5½
Babcock	8	Inveresk	4	**Property**	
Barclays Bank	34	Ladbroke	15	Brit. Land	7
Beecham	19	Legal & Gen.	15	Cap. Counties	9
Blue Circle	25	Lex Service	8	Land Secs.	24
Boots	16	Lloyds Bank	24	MEPC	17
Bowaters	15	"Lots"	5½	Peachey	13
B.A.T.	20	London Brick	6	Samuel Props.	12
Brown (J.)	6	Lucas Inds.	17	Town & City	2
Burton 'A'	10	"Mams"	14	**Oils**	
Cadburys	5½	Mrks. & Spncr	8	Brit. Petroleum	32
Courtaulds	8	Midland Bank	26	Burmah Oil	20
Debenhams	8	N.E.I.	5	Charterhall	16
Distillers	17	Nat. West. Bank	27	KCA	11
Dunlop	7½	P & O Dfd.	10	Premier	13
Eagle Star	15	Plessey	14	Shell	35
F.N.F.C.	2¼	Racal Elect.	22	Tricentrol	40
Gen. Accident	21	R.H.M.	6½	Ultramar	35
Gen. Electric	30	Rank Org.	15	**Mines**	
Glaxo	18	Reed Intnl.	15	Charter Cons.	14
Grand Met.	12	Sears	5	Cons. Gold	40
G.U.S. 'A'	34	Tesco	6	Lonrho	8
Guardian	25	Thorn	23	Rio T. Zinc	35
G.K.N.	20	Trust Houses	12		
Hawker Sidd.	15	Tube Invest.	23		
House of Fraser	15	Unilever	40		
		U.D.T.	5½		

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FINANCIAL TIMES
Monday October 20 1980

Fraser scores surprise victory

BY DAVID HOUSEGO

MR. MALCOLM FRASER, Australia's Prime Minister, scored a surprise victory in the General Election on Saturday. His Liberal-Country Party coalition was returned to power with a substantial majority in the new Parliament.

With counting still incomplete, he was expected to have a majority of 15-25 in an assembly of 125.

Mr. Fraser's success suggested that at a time of uncertainty over inflation and unemployment the electorate—for all its dissatisfaction with his administration—was not ready to risk abandoning the traditional governing party for what seemed the experiment of a Labor administration.

Most early pre-election polls predicted that Mr. Fraser would be defeated or achieve a slim majority. It was his third electoral victory since he became Prime Minister in 1975.

Mr. Bill Hayden's opposition Labor Party which had mounted an aggressive election campaign gained a 6.1 per cent swing in its favour in the popular vote mainly at the expense of independent groups.

But Labor seemed likely to end up with a marginally smaller proportion of the vote than the Liberal-Country Party coalition.

Mr. Fraser tacitly acknowledged yesterday that his policies of holding down real wages to combat inflation had not pleased everybody.

"We have heard the message and I understand it," he said "But I also understand that a silgnificant majority has given to the Government the task to continue that work."

Though Mr. Hayden's defeat was obviously a major disappointment to Labor after the latest opinion polls had predicted victory, he did much better than anybody would have anticipated a few weeks ago.

Mr. Gough Whitlam, the former Labor Primte Minister, pointed out last night that the party was now well poised to challenge the Liberals in three year—*a repeat of 1969, when* Labor's recapture of lost ground prepared the way for victory in 1972.

Labor's increased vote tended to be in urban areas where it is already strong. The business

A priority for Mr. Fraser's community and particularly foreign investors, were jubilant at the Liberal victory.

new Administration will be to halt growing inflationary pressures that are leading to higher wage demands by unions. Higher interest rates and a curb on bank lending are expected.

Control of the Senate—half of whose members were up for re-election — remained undecided yesterday. But the balance of power is likely to be with the independent Australian Democrats of Senator Don Chipp, who is on bad terms with Mr. Fraser.

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Editorial comment, Page 12

Smaller unemployment rise likely

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

A FURTHER rise in the underlying total of adult unemployment over the last month is likely to be confirmed by Government figures due tomorrow.

But the change in the overall "headline" figure of 2.04m is likely to be smaller both because of a fall in the number of school-leavers out of work and because of the usual seasonal decline in October in the number of unemployed adults.

The underlying adult total was 1.78m. seasonally adjusted, last month after a rise of 249,000 between June and September.

This increase and the deepening recession have pushed up spending on social security benefits, cut Government revenue and increased nationalised industry borrowing.

The Government still hopes, however, that any overshoot on the public sector borrowing total of £8½bn forecast for 1980-81 will be small, although borrowing was about £7½bn in the first half of the financial year.

There is no present intention of taking fiscal action to contain borrowing in 1980-81 although the position will be reviewed over the next few weeks.

The main attention is on 1981-82 when spending and borrowing are likely to be boosted by the recession.

Current internal Whitehall discussions concern savings to offset some of this excess and any additional expenditure on employment and industrial assistance.

The hope is that, after these adjustments, total spending in volume terms will be near the levels projected for 1981-82 in last March's White Paper. The main emphasis is now on the cost of expenditure, especially on public sector pay. The Treasury hopes that settlements well down into single figures will help to contain public sector borrowing next year, despite the upward pressures caused by the recession.

Soviets may disclose nuclear safety rules

By David Fishlock, Science Editor

THE SOVIET Government is expected to disclose for the first time details of its nuclear safety and licensing procedures at an international conference on nuclear plant safety which opens in Stockholm today.

The conference, organised by the International Atomic Energy Agency, has been called at the initiative of Mr. Helmut Schmidt, the West German Chancellor, to harmonise reactor safety standards worldwide.

According to senior officials in Bonn, West Germany is increasingly alarmed about the Soviet-designed reactors being built close to its eastern borders, especially in East Germany.

West Germany maintains high standards of nuclear safety and no information on the procedures of its eastern neighbours, beyond the fact that they are using Soviet designed pressurised water reactors (PWRs).

The Comecon countries are building PWRs of a design developed from the Soviet nuclear submarine reactor. Last year the Soviet Union announced a major expansion of nuclear energy throughout these countries.

There is no consultation between East and West Germany of the kind which takes place between West Germany and its Western Europe neighbours on reactor siting.

After the U.S. accident to a PWR on Three Mile Island last year, Chancellor Schmidt called for an international exchange of information on nuclear safety and licensing, in an effort to harmonise standards.

After a five-year pause, West Germany is restarting its own nuclear construction programme. It has about 10.000 Mw in operation and about another 10.000 Mw under construction, mostly from PWRs.

Go-ahead for West German uranium plant, Page 2

Union dissident hits TUC power

BY CHRISTIAN TYLER, LABOUR EDITOR

THE TUC's plans for strengthening its authority at the expense of individual trade unions are severely criticised today by one of its smaller white collar affiliates.

Mr. John Lyons, general secretary of the Engineers and Managers Association, tells its 48,000 members, in the union journal, that there is no case for a stronger TUC "the way things are going at present."

Mr. Lyons writes: "The growing pressures for uniformity, the steady ideological drift towards demanding even more central direction of everything, the dislike of any open discussion about our own trade union responsibilities in and to our *society, are all bad portents and* create quite the wrong climate for yielding greater powers to either the congress or the general-council of the TUC.

"And as the general council has shown repeatedly over recent years—and most noticeable again over the Polish and Czechoslovakian issues at this year's congress—there are too many on it who exempt the Communist regimes in Russia and Eastern Europe from the standards they (and we) apply to ourselves and rest of the world.

Mr. Lyons is referring to the general council's defeat on the Czechoslovakian issue at the TUC in September when a card vote supported a campaign for the release of the Charter 77 dissidents, and to the row over the proposed TUC visit to Poland at the height of the Polish workers' strike.

"It is difficult to believe that, constituted as it is at present, we have a general council able to act as the representative of the 12m members in whose name it purports to speak."

Mr. Lyons's remarks will be seen as cementing his political alliance with Mr. Frank Chapple of the Electricians and Mr. Terry Duffy of the Engineers, both of whose unions are due to be suspended from the TUC by the council on Wednesday.

The two have refused to accept the TUC's instructions about removing "black" labour from the Isle of Grain site in Kent, where thermal insulation workers belonging to the General and Municipal Workers Union were displaced.

Union's 20-year battle nears end

BY IAN HARGREAVES IN NEW YORK

A 20-YEAR trade union battle to gain a firm foothold in the textile mills of the traditionally anti-union Southern U.S. is nearing its end.

Announcement of a settlement was delayed by haggling between representatives of J. P. Stevens, the second largest U.S. textile company, and the Amalgamated Clothing and Textile Workers' Union (ACTWU).

Workers at the company's Roanoake Rapids, North Carolina, plant, voted to join the ACTWU six years ago, but since then Stevens has refused to bargain collectively with the union. Since 1978 the company has denied workers at the rebel plant wage increases granted to *employees at its other mills.*

But far more than pay for 3.000 workers in 10 Stevens' plants in North Carolina is involved in the dispute.

Union organisers believe victory at Stevens will open the way for more efficient unionisation of the south. Anti-union "right to work" laws have kept the level of membership among non-agricultural workers at under 9 per cent, compared with a national average of 24 per cent. These laws generally restrict or prohibit agreements requiring membership of a union as a conditio nof employment.

Low union membership in the south has been a big attraction for foreign investment, much of it Japanese, which has flooded in.

Stevens, by choosing to wage an uncompromising and bitter fight against the unions, has become the symbol of resistance to union progress in the south.

It has successfully defied not only the union, but more than 20 hostile rulings by the Government's National Labour Relations Board and a chorus of criticism from religious and social organisations throughout the U.S.

The company has also had to deal with a nationwide boycott of its products started four years ago by the AFL-CIO, the country's Federation of Trade Unions and some extremely effective anti-Stevens publicity.

Perhaps the single most successful anti-Stevens publicity blow was struck by the popularity of the award winning film, Norma Rae.

Craftsmen form new association

BY PAULINE CLARK, LABOUR STAFF

BRITAIN'S LEADING industrial union are faced with what threatens to be a new revolt by craftsmen under the leadership of Mr. Roy Fraser, unofficial leader of BL's militant toolmakers.

The challenge came from a special conference of shopfloor craftsmen belonging to many of the country's biggest trade unions who met in Birmingham over the weekend to form a multi-union association to represent their interests.

Accordin gto Mr. Fraser, chairman of the newly formed Engineering Craft Association, the craftsmen feel growing dissatisfaction with conventional trade union structures which they believe have failed to take account of their interests.

Mr. Fraser, a candidate in the forthcoming presidential election in the Amalagamated Union of Engineering Workers, has long been a critic of union negotiations which he claims are too often dominated by the interests of manual workers at the expense of the minority of craftsmen.

His move, however, is only the latest in what seems to be a growing drive by shop stewards nationally to get together as multi-union combines to increase shopfloor bargaining power.

Last wek shop stewards from seven big private engineering companies disclosed their own separate plans to increase their influence on decision making in multi-national companies — and also in effect to challenge the power of conventional moderate trade union leadership.

Iraq prepares for extended war

BY ROGER MATTHEWS IN BAGHDAD

IRAQ appears almost to have given up hope of an early ceasefire in its four-week war with Iran and has begun to prepare the population for an extended conflict.

Al-Thawra, the newspaper of the ruling Ba'ath Party, reassured the public in an editorial yesterday that the Iraqi armed forces were well equipped to achieve total victory over the "Persian aggressors" who were being aided by the U.S. and Israel.

At the same time the Government is understood to have taken new measures to ensure the supply of essential commodities.

Shops are generally well stocked but there has been difficulty in obtaining butane gas. It is extensively used for cooking and water heating. Whether this is due to Iranian bombing of the gas bottling plant in Kirkuk or to Government conservation measures is not clear.

Iranian aircraft twice attacked targets on the outskirts of Baghdad yesterday as if in answer to hopes that the first day of the Moslem religious *holiday might bring some* slackening of activity.

Anti-aircraft batteries along the banks of the Tigris opened up and at least three surface-to-air missiles were seen to explode over the city centre. There was no immediate confirmation that planes had been brought down.

The possibility of the war lasting for several more weeks is linked to deep Iraqi suspicions about the role of the U.S. Despite attacks on the U.S. by Mr. Mohammed Ali Rajai, the Iranian Prime Minister, during his recent visit to New York, and American denials of any "arms-for-hostages" deals, the Iraqi regime is believed to fear that the U.S. might be prepared to offer Tehran at least limited military supplies in return for the freeing of the American hostages.

Any U.S. re-supply programme, especially if it included spare parts for the Phantom F-4 aircraft, would be certain to extend Iran's ability to continue the fight.

Eyewitnesses say the forward Iraqi positions are now less than two miles from the Abadan outskirts, but that the advance is moving very slowly in an effort to minimise casualties.

● Reuter adds from Tehran: Islamic peace envoy Mr. Habib Chatti arrived in Tehran yesterday in a second attempt to try to halt the Gulf war.

Healey Continued from Page 1

the activities of 20 Left-wing *MPs who have writte nto* Mr. Foot urging him to stand as an interim candidate only, warning him that, unless he was prepared to stand on that basis, they would boycott the elections.

That tactic was regarded as an attempt to keep the leadership issue open until the new method of electing the leader under an extended franchise *can be devised.* This would give Mr. Anthony Wedgwood Benn a greatly increased chance. But the abstention of 20 Left-wingers would almost certainly hand to leadership to Mr. Healey on a plate.

Disarray on the Left will become more evident at the meeting of the Nattional Executive Committee on Wednesday

Hostages Continued from Page 1

sparring match with Mr. Rajai on this issue.

Iran, he said, had been told that information from the radar planes was being passed only to the Saudis, and not from the Saudis to the Iraqis, as Mr. Rajai had alleged.

The U.S. had pressed all countries, including Jordan, not to help widen or prolong the Gulf war.

Mr. Muskie expressed the weary hope that Mr. Rajai's promise that the Iranian Parliament would soon decide once and for all what to do with the hostage., as it has been directed to do by Ayatollah Khomeini, would be fulfilled.

But there were still conflicting signals coming out of Tehran, Mr. Muskie noted. "The Iranians themselves have not yet agreed on what they think their terms on the hostages should be."

The U.S. had in recent days given Iran a series of broad hints how U.S. policy could change if and when the hostages were freed.

Weather

UK TODAY

CLOUDY, SOME rain, possibly brighter later.

England (except S.W. and N.E.), N. Wales, Channel Isles, Isle of Man, S.W. Scotland

Cloudy, some rain. Max. 13C (55F).

S.W. England, S. Wales.

Rain at first, brighter later. Max. 14C (57F).

N.E. England, W. and Central Scotland.

Dry at first, rain later. Max. 12C (54F).

Rest of Scotland.

Mostly dry, some bright intervals. Max. 8C (46F).

N. Ireland.

Some heavy rain. Max. 12C (54F).

Outlook: Some rail, cold in north.

WORLDWIDE

		Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	F	17	63	L. Plms.	C	22	72
Algiers	F	20	68	Lisbon	S	15	59
Amsdm.	R	8	46	Locarno	F	16	61
Athens	C	28	82	London	R	12	54
Bahrain	S	31	88	Luxmbg	F	7	45
Barclna.	S	17	63	Luxor	S	36	97
Beirut	S	25	77	Madrid	S	13	55
Belfast	S	9	48	Majorca	S	18	64
Belgrd.	F	16	61	Malaga	S	19	66
Berlin	F	10	50	Malta	S	23	73
Biarritz	F	14	57	M'chstr	C	8	48
Bmghm.	R	9	48	Melbne	F	23	73
Blackpl.	S	10	50	Milan	R	11	52
Bordx.	S	13	55	Mntreal.	S	10	50
Boulgn.	C	10	50	Moscow	S	10	50
Bristol	R	10	50	Munich	C	6	43
Brussels	F	10	50	Naples	F	19	66
Budapst	R	12	54	Nwcstl.	F	6	43
Cairo	F	31	88	N. York	F	16	61
Cardiff	R	10	50	Nice	S	18	64
Cas'b'ca	S	19	66	Nicosia	S	27	81
Cape T.	S	18	64	Oporto	S	17	63
Cologne	F	9	48	Oslo	C	7	45
Cpnhgn.	F	10	50	Paris	S	12	54
Corfu	F	24	75	Perth	F	16	61
Dublin	C	10	50	Prague	F	9	48
Dbrvnk.	F	18	64	Reykjvk.	S	−1	30
Ednbgh.	S	7	45	Rhodes	S	29	84
Faro	F	18	64	Rome	F	18	64
Florence	F	17	63	Salzbrg	R	7	45
Frankft.	F	9	48	Stckhm.	F	10	50
Funchal	C	20	68	Strasbg.	F	10	50
Geneva	C	9	48	Sydney	F	20	68
Gibrltr	S	18	64	Tangier	S	20	68
Glasgow	S	8	46	Tel Aviv	F	26	79
G'rnsey	R	10	50	Tenerife	F	18	64
Helsinki	C	12	54	Tokyo	R	21	70
H. Kong	F	29	84	Tunis	F	20	68
Innsbrk.	R	8	46	Valencia	S	18	64
Invrnss.	F	7	45	Venice	F	13	55
I.o.Man	S	9	48	Vienna	C	13	55
Istanbul	F	26	79	Warsaw	R	10	50
Jersey	C	11	52	Zurich	C	6	43
Jo'burg	S	19	66				

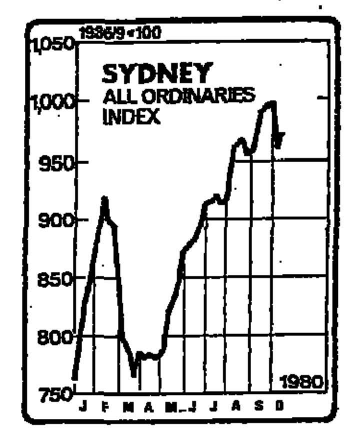
C—Cloudy. F—Fair. Fg—Fog. R—Rain. S—Sunny. Sl—Sleet. Sn—Snow.

THE LEX COLUMN

Amber lights in Australia

The knee-jerk reaction to Saturday's election result will probably send Australian share prices sharply higher this morning. Yet the news is not a cause for unqualified bullishness.

In the first place, the market had not been discounting any other outcome, even though the opinion polls had introduced a big element of uncertainty in recent weeks. The Sydney All Ordinaries Index closed just 3 per cent below its all-time high on Friday, and last week's response to the public offering of Energy Resources Australia—holding company for the Ranger uranium venture—would hardly have been so enthusiastic if investors had thought that Labor stood a serious chance of taking office.



Moreover the result does not represent a vote of confidence in the economic policies of Mr. Fraser's ruling Liberal coalition. With another election coming up in 1983, the political will of the Government is going to be tested during the next year or two — a period when some crucial, and possibly painful, economic decisions will have to be made.

In the short term, the Government must get to grips with its monetary policy, for M3 appears to have been rising a fair bit faster than the 9 to 11 per cent which the authorities consider appropriate for the current financial year. The yield on long-dated Government bonds is already over 12 per cent and could go higher: equities yield about 6 per cent. At the same time, inflationary pressures are building up on the wages front, and the rise in consumer prices in 1980-81 could well outstrip last year's 10 per cent.

Over the rather longer term, the Government has to come to terms with a resources boom that could threaten either to boost the exchange rate, stoke the fires of inflation, or undermine the country's manufacturing base. As the UK Government is finding, it is not easy to make friends in these circumstances, and Australian unemployment is already running at about 6 per cent.

Of course the perspective looks rather different to international investors, who have had such a major impact on Australia's relatively small securities markets during the past few months. On one estimate, foreigners have accounted for roughly a quarter of equity market activity recently. Australia's energy wealth and continuing political stability will still be a powerful magnet for them. But the amber lights could start flashing soon.

Earnings per share

Earnings per share calculations should be made comparable between different countries. This was the apparently unexceptionable conclusion arrived at by an international commission of financial analysts reporting to the European analysts' congress in The *Hague last week. But the* commission had to recognise that true comparability would require giant steps towards harmonisation to be made in the various national accounting treatments of inflation, currency translation and taxation.

It was inevitable, therefore, that pertinent questions were asked at the congress about the practicability and, indeed, the desirability of a search for an internationally comparable *single statistic. Thus it was* pointed out that it is vital to establish *why* accounting principles vary from country to country before seeking to impose uniform methods.

The attack has also been mounted from several other directions. On the one hand, for instance, the efficient market theorists dismiss the earnings per share problem as being of almost zero importance. For actively traded shares, they argued, the market price will be determined by expert investors in the light of all the information available. Since investment analysts are well aware of the impact of inflation or currency fluctuations upon the earnings of a company, the idea that a change in accounting principles could affect the market price is illusory.

Companies, however, see quite a different problem. They are aware that the stock market is concerned with earnings—and feel under a certain degree of pressure to dress up the figures to please investors. If this is done only in a cosmetic way—by capitalising rather than expensing certain costs, for instance, or by drawing arbitrary lines between exceptional and extraordinary items — it may be relatively harmless, but there is a danger that companies' real behaviour will be affected, notably that they will be forced to adopt a very short term time horizon for fear of the impact that long term projects could have on their earnings trend. This was one of the reasons advanced by Armitage Shanks to the UK Monopolies Commission for the decision to seek sanctuary under the umbrella of Blue Circle Industries.

Although these two views are based upon wholly incompatible tenents, they do point in a rather similar direction. The suggestion is that it is only through the disclosure of a wide range of financial information that companies can be correctly valued by the stock market. For example, it is only when investors are in a position to make assessments of the future cash flows of a company that they will be able to ignore temporary dips in reported earnings.

The problem, of course, is that companies are often extremely reluctant to publish relevant information, ostensibly because it would damage their businesses to give away valuable data to competitors. It was suggested at the congress that it was much *more important to gain access* to high quality segmental data and to details of future projections than to concentrate in a possibly dangerous way on a single earnings per share figure in isolation. An industry representative commented that "we can't drive a car by looking in the rear mirror." But unfortunately, investors have to try.

It is the job of specialist analysts to become expert at untangling complex financial information. The most important reason why the search for comparability and relevance must continue is that profit information must also give the right signals to non-experts, whether union negotiators or tax men.

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